

## STATE OF MINNESOTA

## EIGHTY-FIRST SESSION — 1999

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 FIFTY-THIRD DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 28, 1999

The House of Representatives convened at 10:00 a.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by Sam Cathey, Association of Christian Teens, Lake City, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abeler	Dorman	Howes	Luther	Ozment	Storm
Abrams	Dorn	Huntley	Mahoney	Paulsen	Swenson
Anderson, B.	Entenza	Jaros	Mares	Pawlenty	Sykora
Anderson, I.	Erhardt	Jennings	Mariani	Paymar	Tingelstad
Bakk	Erickson	Johnson	Marko	Pelowski	Tomassoni
Biernat	Finseth	Juhnke	McCollum	Peterson	Trimble
Bishop	Fuller	Kahn	McElroy	Pugh	Tuma
Boudreau	Gerlach	Kalis	McGuire	Rest	Tunheim
Bradley	Gleason	Kelliher	Milbert	Reuter	Van Dellen
Broecker	Goodno	Kielkucki	Molnau	Rhodes	Vandever
Buesgens	Gray	Knoblach	Mulder	Rifenberg	Wagenius
Carlson	Greenfield	Koskinen	Mullery	Rostberg	Wejcmán
Carruthers	Greiling	Krinkie	Munger	Rukavina	Wenzel
Cassell	Gunther	Kubly	Murphy	Seagren	Westerberg
Chaudhary	Haake	Kuisle	Ness	Seifert, J.	Westfall
Clark, J.	Haas	Larsen, P.	Nornes	Seifert, M.	Westrom
Clark, K.	Hackbarth	Larson, D.	Olson	Skoe	Wilkin
Daggett	Harder	Leighton	Opatz	Skoglund	Winter
Davids	Hasskamp	Lenczewski	Orfield	Smith	Wolf
Dawkins	Hilty	Leppik	Osskopp	Solberg	Workman
Dehler	Holberg	Lieder	Osthoff	Stanek	Spk. Sviggum
Dempsey	Holsten	Lindner	Otremba	Stang	

A quorum was present.

Folliard was excused.

Hausman was excused until 10:50 a.m. Schumacher was excused until 12:00 noon.

The Chief Clerk proceeded to read the Journal of the preceding day. Olson moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

**REPORTS OF CHIEF CLERK**

S. F. No. 145 and H. F. No. 861, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

**SUSPENSION OF RULES**

Rhodes moved that the rules be so far suspended that S. F. No. 145 be substituted for H. F. No. 861 and that the House File be indefinitely postponed. The motion prevailed.

**PETITIONS AND COMMUNICATIONS**

The following communications were received:

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 26, 1999

The Honorable Steve Sviggum  
Speaker of the House of Representatives  
The State of Minnesota

Dear Speaker Sviggum:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 1178, relating to landlords and tenants; regulating the taking of prelease deposits; providing for a civil penalty.

H. F. No. 142, relating to crime; expanding the definition of "subsequent controlled substance conviction" to include convictions subsequent to a stay of adjudication for a controlled substance crime.

H. F. No. 1003, relating to legislature; prescribing the powers and duties of the legislative audit commission and the legislative auditor; making various technical changes.

Sincerely,

JESSE VENTURA  
Governor

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

April 27, 1999

The Honorable Steve Sviggum  
Speaker of the House of Representatives  
The State of Minnesota

Dear Speaker Sviggum:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 1125, relating to crime prevention; authorizing local correctional agencies rather than courts to impose local correctional fees for offenders under the supervision and control of the local agency; requiring a report.

Sincerely,

JESSE VENTURA  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1999 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1999</i>	<i>Date Filed 1999</i>
	1178	97	1:10 p.m. April 26	April 26
	142	98	4:15 p.m. April 26	April 26
	1003	99	1:12 p.m. April 26	April 26
1182		100	1:15 p.m. April 26	April 26
1527		101	1:18 p.m. April 26	April 26
1273		102	1:20 p.m. April 26	April 26
832		103	11:21 a.m. April 27	April 27
1017		104	11:26 a.m. April 27	April 27

451	105	11:23 a.m. April 27	April 27
1218	107	11:18 a.m. April 27	April 27
436	108	11:27 a.m. April 27	April 27
983	109	11:20 a.m. April 27	April 27
1041	110	11:25 a.m. April 27	April 27
	111	11:28 a.m. April 27	April 27
	1125		

Sincerely,

MARY KIFFMEYER  
Secretary of State

### REPORTS OF STANDING COMMITTEES

Bishop from the Committee on Ways and Means to which was referred:

H. F. No. 2420, A bill for an act relating to financing state and local government; providing a sales tax rebate; reducing individual income tax rates; making changes to income, sales and use, property, excise, mortgage registry and deed, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, aircraft registration, lawful gambling, taconite production, solid waste, and special taxes; establishing an agricultural homestead credit; changing and allowing tax credits, subtractions, and exemptions; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; providing for reverse referenda on certain levy increases; phasing out health care provider taxes; extending the suspension of the tax on certain insurance premiums; reducing tax rates on lawful gambling; changing tax increment financing law and providing special authority for certain cities; authorizing water and sanitary sewer districts; providing for the funding of courts in certain judicial districts; changing tax forfeiture and delinquency provisions; changing and clarifying tax administration, collection, enforcement, and penalty provisions; freezing the taconite production tax and providing for its distribution; providing for funding for border cities; changing fiscal note requirements; providing for deposit of tobacco settlement funds; providing for allocation of certain budget surpluses; requiring studies; establishing a task force; and providing for appointments; transferring funds; appropriating money; amending Minnesota Statutes 1998, sections 3.986, subdivision 2; 3.987, subdivision 1; 16A.152, subdivision 2, and by adding a subdivision; 16A.1521; 60A.15, subdivision 1; 62J.041, subdivision 1; 62Q.095, subdivision 6; 92.51; 97A.065, subdivision 2; 214.16, subdivisions 2 and 3; 270.07, subdivision 1; 270.65; 270.67, by adding a subdivision; 270B.01, subdivision 8; 270B.14, subdivision 1, and by adding a subdivision; 271.01, subdivision 5; 271.21, subdivision 2; 272.02, subdivision 1; 272.027; 272.03, subdivision 6; 273.11, subdivisions 1a and 16; 273.111, by adding a subdivision; 273.124, subdivisions 1, 7, 8, 13, 14, and by adding a subdivision; 273.13, subdivisions 22, 23, 24, 25, 31, and by adding a subdivision; 273.1382; 273.1398, subdivisions 2, 8, and by adding a subdivision; 273.1399, subdivision 6; 273.20; 274.01, subdivision 1; 275.065, subdivisions 3, 5a, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.71, subdivisions 2, 3, and 4; 276.131; 279.37, subdivisions 1, 1a, and 2; 281.23, subdivisions 2, 4, and 6; 282.01, subdivisions 1, 4, and 7; 282.04, subdivision 2; 282.05; 282.08; 282.09; 282.241; 282.261, subdivision 4, and by adding a subdivision; 283.10; 287.01, subdivision 3, as amended; 287.05, subdivisions 1, as amended, and 1a, as amended; 289A.02, subdivision 7; 289A.18, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivision 2; 289A.40, subdivisions 1 and 1a; 289A.50, subdivision 7, and by adding a subdivision; 289A.56, subdivision 4; 289A.60, subdivisions 3 and 21; 290.01, subdivisions 7, 19, 19a, 19b, 19f, 31, and by adding a subdivision; 290.06, subdivisions 2c, 2d, and by adding subdivisions; 290.0671, subdivision 1; 290.0672, subdivision 1; 290.0674, subdivisions 1 and 2; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 5; 290.095, subdivision 3; 290.17, subdivisions 3, 4, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290.9726, by adding a subdivision; 290A.03, subdivisions 3 and 15; 290B.03, subdivision 1; 290B.04, subdivisions 3 and 4; 290B.05, subdivision 1; 291.005, subdivision 1; 295.50, subdivision 4; 295.52, subdivision 7; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; 296A.16, by adding subdivisions; 297A.01, subdivision 15; 297A.15, subdivision 5; 297A.25, subdivisions 9, 11, 63, 73, and by adding subdivisions;

297A.48, by adding a subdivision; 297B.01, subdivision 7; 297B.03; 297E.01, by adding a subdivision; 297E.02, subdivisions 1, 3, 4, and 6; 297F.01, subdivision 23; 297F.17, subdivision 6; 297H.05; 297H.06, subdivision 2; 298.24, subdivision 1; 298.28, subdivision 9a; 299D.03, subdivision 5; 357.021, subdivision 1a; 360.55, by adding a subdivision; 375.192, subdivision 2; 383C.482, subdivision 1; 465.82, by adding a subdivision; 469.169, subdivision 12, and by adding a subdivision; 469.1735, by adding a subdivision; 469.176, subdivision 4g; 469.1763, by adding a subdivision; 469.1771, subdivision 1, and by adding a subdivision; 469.1791, subdivision 3; 469.1813, subdivisions 1, 2, 3, 6, and by adding a subdivision; 469.1815, subdivision 2; 473.249, subdivision 1; 473.252, subdivision 2; 473.253, subdivision 1; 477A.03, subdivision 2; 485.018, subdivision 5; 487.02, subdivision 2; 487.32, subdivision 3; 487.33, subdivision 5; and 574.34, subdivision 1; Laws 1988, chapter 645, section 3; Laws 1997, chapter 231, article 1, section 19, subdivisions 1 and 3; Laws 1997, chapter 231, article 3, section 9; Laws 1997, First Special Session chapter 3, section 27; Laws 1997, Second Special Session chapter 2, section 6; Laws 1998, chapter 389, article 1, section 1; and Laws 1998, chapter 389, article 8, section 44, subdivisions 5, 6, and 7, as amended; proposing coding for new law in Minnesota Statutes, chapters 16A; 62Q; 256L; 275; 297A; 469; and 473; repealing Minnesota Statutes 1998, sections 13.99, subdivision 86b; 16A.724; 16A.76; 92.22; 144.1484, subdivision 2; 256L.02, subdivision 3; 273.11, subdivision 10; 280.27; 281.13; 281.38; 284.01; 284.02; 284.03; 284.04; 284.05; 284.06; 295.50; 295.51; 295.52; 295.53; 295.54; 295.55; 295.56; 295.57; 295.58; 295.582; 295.59; 297E.12, subdivision 3; 297F.19, subdivision 4; 297G.18, subdivision 4; and 473.252, subdivisions 4 and 5; Laws 1997, chapter 231, article 1, section 19, subdivision 2; and Laws 1998, chapter 389, article 3, section 45.

Reported the same back with the following amendments:

Page 28, line 16, before the period, insert "based on net income"

Page 28, line 20, delete the second "or"

Page 28, line 21, delete "allocated"

Page 28, line 31, delete "the other" and insert "another"

Page 28, line 32, delete "allocates or"

Page 28, line 33, delete "the" and insert "one"

Page 28, line 34, after "is" insert "included in the measure of the exercise of the corporate franchise that is" and delete "as" and insert a period

Page 28, delete lines 35 and 36 and insert:

"(d) The amount of tax paid to another state on an item of income or gain is the difference between the tax paid to the state and the amount of tax that would have been paid to the state if the item of income or gain had not been included in the net income of that state.

(e) The taxpayer must report to the commissioner of revenue any change in tax in the other state, the change in qualifying tax, and a copy of the final determination of the tax by the taxing authority of the other state. A taxpayer who claims the credit consents to extend the period of limitation for the commissioner to recompute the credit and reassess the tax due, including a refund, for a period of one year following a report by the taxpayer of a final determination of tax by the state in which the entire amount of income or gain is reported, notwithstanding any period of limitations to the contrary, or within any applicable period of limitations, whichever is longer. If a taxpayer fails to report as required by this paragraph, the commissioner may recompute the tax, including a refund, based on the information available to the commissioner. The tax may be recomputed within six years after the report should have been filed, notwithstanding any period of limitations to the contrary."

Page 118, after line 13, insert:

"(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage."

Page 134, line 18, delete "and"

Page 134, line 19, before the period, insert "; and

(7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood products"

Page 158, after line 27, insert:

"Sec. 32. Minnesota Statutes 1998, section 477A.06, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) For assessment years 1998, 1999, and 2000, for all class 4d property on which construction was begun before January 1, 1999, the assessor shall determine the difference between the actual net tax capacity and the net tax capacity that would be determined for the property if the class rates for assessment year 1997 were in effect.

(b) In calendar years 1999, 2000, and 2001, each city shall be eligible for aid equal to (i) the amount by which the sum of the differences determined in clause (a) for the corresponding assessment year exceeds 2.5 two percent of the city's total taxable net tax capacity for taxes payable in 1998, multiplied by (ii) the city government's average local tax rate for taxes payable in 1998."

Page 163, line 9, delete "assessors" and insert "county commissioners"

Page 163, line 10, delete everything after "revenue"

Page 163, line 11, delete everything before the comma

Page 165, line 12, delete everything after "of" and insert "\$113,296,000"

Page 165, delete line 13

Page 165, line 14, delete everything before "is"

Page 165, line 33, delete "January 1, 2000" and insert "July 1, 1999"

Page 165, after line 35, insert:

"Section 10, paragraph (h), is effective for taxes payable in 1999 and subsequent years."

Page 165, line 36, after "10" insert ", paragraph (d),"

Page 166, line 2, after "10" insert ", paragraph (d),"

Page 166, after line 27, insert:

"Section 32 is effective beginning for aid payable in calendar year 2000."

Page 192, line 18, before the period, insert "or other applicable law"

Page 207, line 26, delete ", and" and insert a semicolon

Page 207, line 27, before the period, insert "; and article 6 of this act"

Page 209, after line 1, insert:

"(c) This section does not apply to increment from a district that is subject to the provisions of this section, if:

(1) the district was decertified before the enactment of this section; and

(2) all increments spent on activities located outside of the geographic area of the district were repaid and distributed as excess increments under section 469.176, subdivision 2."

Page 211, line 35, after "(b)" insert "or receives no notification for a 12-month period after initially notifying the county attorney and the state auditor confirms with the county attorney or the municipality that no action has been brought regarding the matter"

Page 217, line 18, strike "July" and insert "August"

Page 218, line 23, delete "or"

Page 220, line 10, delete "concurred"

Page 220, delete line 11

Page 309, after line 52, insert:

"Sec. 22. [EXTENSIONS FOR OPERATION ALLIED FORCE SERVICE MEMBERS.]

The limitations of time provided by Minnesota Statutes, chapter 289A relating to administration of taxes, chapter 290 relating to income taxes, chapter 271 relating to the tax court for filing returns, paying taxes, claiming refunds, commencing action thereon, appealing to the tax court from orders relating to income taxes, and the filing of petitions under chapter 278, and appealing to the Supreme Court from decisions of the tax court relating to income taxes are extended, as provided in the special rule for section 7508 of the Internal Revenue Code in section 1, paragraph (c), of Public Law Number 106-21."

Page 310, line 1, after the period, insert "This is a one-time appropriation and not part of the budget base for the department."

Page 310, after line 36, insert:

"Section 22 is effective at the same time section 1, paragraph (c), of Public Law Number 106-21 becomes effective."

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

**SECOND READING OF HOUSE BILLS**

H. F. No. 2420 was read for the second time.

**SECOND READING OF SENATE BILLS**

S. F. No. 145 was read for the second time.

**MESSAGES FROM THE SENATE**

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 270, A bill for an act relating to insurance; prohibiting a maximum lifetime benefit limit on certain policies of the Minnesota comprehensive health insurance plan; amending Minnesota Statutes 1998, section 62E.12.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 851, 2044, 1539, 709, 1268 and 884.

PATRICK E. FLAHAVEN, Secretary of the Senate

**FIRST READING OF SENATE BILLS**

S. F. No. 851, A bill for an act relating to local government; removing the expiration of corporations created by political subdivisions; establishing a task force to develop legislation relating to establishment of corporations by political subdivisions; amending Minnesota Statutes 1998, section 465.715, subdivision 1a.

The bill was read for the first time.

Rest moved that S. F. No. 851 and H. F. No. 777, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2044, A bill for an act relating to gambling; authorizing dice games in retail establishments licensed to sell alcoholic beverages under certain circumstances; amending Minnesota Statutes 1998, sections 340A.410, subdivision 5; and 609.761, by adding a subdivision.

The bill was read for the first time.

Dehler moved that S. F. No. 2044 and H. F. No. 686, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1539, A bill for an act relating to the environment; providing a new license category under the well code for a vertical heat exchanger contractor; establishing training requirements for well contractors installing vertical heat exchangers; amending Minnesota Statutes 1998, sections 103I.005, subdivision 20; 103I.101, subdivisions 2 and 5; 103I.105; 103I.501; and 103I.641, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 103I.

The bill was read for the first time.

Bishop moved that S. F. No. 1539 and H. F. No. 2021, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 709, A bill for an act relating to state procurement; authorizing the commissioner of administration to award a preference of as much as six percent in the amount bid for specified goods or services to small businesses; amending Minnesota Statutes 1998, section 16C.16, subdivision 7; repealing Minnesota Rules, part 1230.1860, item A.

The bill was read for the first time.

Tunheim moved that S. F. No. 709 and H. F. No. 937, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1268, A bill for an act relating to health; requiring prompt payments by health maintenance organizations of certain claims made by home care providers; requiring health maintenance organizations to pay interest on late payments; establishing penalties; proposing coding for new law in Minnesota Statutes, chapter 62D.

The bill was read for the first time.

Goodno moved that S. F. No. 1268 and H. F. No. 1658, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 884, A bill for an act relating to marriage; providing for a reduced marriage license fee for couples who obtain premarital education; increasing filing fee for marriage dissolution proceedings; amending Minnesota Statutes 1998, sections 357.021, subdivision 2; and 517.08, subdivisions 1b and 1c.

The bill was read for the first time and referred to the Committee on Ways and Means.

### CALENDAR FOR THE DAY

S. F. No. 841 was reported to the House.

Haas moved that S. F. No. 841 be continued on the Calendar for the Day. The motion prevailed.

S. F. No. 1562 was reported to the House.

Anderson, B., moved that S. F. No. 1562 be continued on the Calendar for the Day. The motion prevailed.

H. F. No. 700 was reported to the House.

Davids moved that H. F. No. 700 be continued on the Calendar for the Day. The motion prevailed.

The Speaker called Abrams to the Chair.

H. F. No. 1235 was reported to the House.

Winter moved to amend H. F. No. 1235, the first engrossment, as follows:

Page 2, line 7, before the period, insert "and the Minnesota pollution control agency or the feedlot officer delegated under section 116.07"

A roll call was requested and properly seconded.

The question was taken on the Winter amendment and the roll was called. There were 66 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Entenza	Kahn	Mariani	Osthoff	Skoglund
Bakk	Gleason	Kalis	Marko	Otremba	Solberg
Biernat	Gray	Kelliher	McCollum	Ozment	Storm
Carlson	Greenfield	Koskinen	McGuire	Paymar	Tomassoni
Carruthers	Greiling	Kubly	Milbert	Pelowski	Trimble
Cassell	Hasskamp	Larson, D.	Mullery	Peterson	Tuma
Chaudhary	Hilty	Leighton	Munger	Pugh	Tunheim
Clark, J.	Huntley	Lenczewski	Murphy	Rest	Wagenius
Clark, K.	Jaros	Lieder	Opatz	Rukavina	Wejcman
Dawkins	Jennings	Luther	Orfield	Seifert, M.	Wenzel
Dorn	Johnson	Mahoney	Osskopp	Skoe	Winter

Those who voted in the negative were:

Abeler	Bishop	Broecker	Davids	Dorman	Finseth
Abrams	Boudreau	Broegens	Dehler	Erhardt	Fuller
Anderson, B.	Bradley	Daggett	Dempsey	Erickson	Gerlach

Goodno	Howes	Lindner	Paulsen	Smith	Westfall
Gunther	Juhnke	Mares	Pawlenty	Stang	Westrom
Haake	Kielkucki	McElroy	Reuter	Swenson	Wilkin
Haas	Knoblach	Molnau	Rhodes	Sykora	Wolf
Hackbarth	Krinkie	Mulder	Rifenberg	Tingelstad	Workman
Harder	Kuisle	Ness	Rostberg	Van Dellen	Spk. Sviggum
Holberg	Larsen, P.	Nornes	Seagren	Vandever	
Holsten	Leppik	Olson	Seifert, J.	Westerberg	

The motion prevailed and the amendment was adopted.

H. F. No. 1235, A bill for an act relating to agriculture; exempting livestock production facilities from the ambient hydrogen sulfide standards on days manure is being removed from barns or manure storage facilities; amending Minnesota Statutes 1998, section 116.0713.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 100 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Abeler	Erhardt	Jennings	Mares	Reuter	Tomassoni
Abrams	Erickson	Johnson	Marko	Rhodes	Trimble
Anderson, B.	Finseth	Juhnke	McElroy	Rifenberg	Tuma
Anderson, I.	Fuller	Kalis	Molnau	Rostberg	Tunheim
Bakk	Gerlach	Kielkucki	Mulder	Rukavina	Van Dellen
Biernat	Gleason	Knoblach	Murphy	Seagren	Vandever
Bishop	Goodno	Koskinen	Ness	Seifert, J.	Wenzel
Boudreau	Gunther	Krinkie	Nornes	Seifert, M.	Westerberg
Bradley	Haake	Kubly	Olson	Skoe	Westfall
Broecker	Haas	Kuisle	Opatz	Smith	Westrom
Buesgens	Hackbarth	Larsen, P.	Osskopp	Solberg	Wilkin
Clark, J.	Harder	Larson, D.	Otremba	Stanek	Winter
Daggett	Hasskamp	Leighton	Ozment	Stang	Wolf
Davids	Hilty	Leppik	Paulsen	Storm	Workman
Dehler	Holberg	Lieder	Pawlenty	Swenson	Spk. Sviggum
Dempsey	Holsten	Lindner	Pelowski	Sykora	
Dorman	Howes	Mahoney	Peterson	Tingelstad	

Those who voted in the negative were:

Carlson	Dorn	Huntley	Luther	Mullery	Rest
Carruthers	Entenza	Jaros	Mariani	Munger	Skoglund
Chaudhary	Gray	Kahn	McCollum	Osthoff	Wagenius
Clark, K.	Greenfield	Kelliher	McGuire	Paymar	Wejeman
Dawkins	Greiling	Lenczewski	Milbert	Pugh	

The bill was passed, as amended, and its title agreed to.

H. F. No. 441 was reported to the House.

Knoblach moved that H. F. No. 441 be temporarily laid over on the Calendar for the Day. The motion prevailed.

S. F. No. 1144, A bill for an act relating to elections; simplifying language on certificates of election; clarifying and simplifying the Minnesota Election Law; making technical and procedural changes; changing certain duties of election officials; listing additional violations; changing certain deadlines; providing for submission of proposed chapter amendments; requiring adoption of certain rules; imposing criminal penalties; amending Minnesota Statutes 1998, sections 3.02; 200.031; 201.016, subdivision 1, and by adding a subdivision; 201.054, subdivision 2; 201.12, subdivision 2; 201.13, by adding a subdivision; 203B.03, subdivision 1; 203B.04, subdivision 1; 203B.07, subdivision 2; 203B.08, subdivision 1; 203B.081; 203B.085; 203B.11, subdivisions 2 and 4; 204B.08, subdivision 3; 204B.146, subdivision 2; 204B.21, subdivision 2; 204B.27, subdivision 8; 204C.10; 204C.24, subdivision 1; 204C.26, subdivision 1; 204C.40, subdivision 1; 204D.08, subdivisions 3 and 5; 204D.11, subdivision 4; 204D.13, subdivisions 2 and 3; 205.075, subdivision 2; 205.10, subdivisions 3 and 4; 205.16, subdivision 4; 205.185, subdivision 3; 205A.05, subdivision 1; 205A.07, subdivision 3; 205A.13; 206.86, subdivision 1; 208.04, subdivision 1; 351.055; 367.03, subdivision 4; 410.12, subdivision 1; 412.02, subdivision 2; and 447.32, subdivision 4; Laws 1997, chapter 173, section 6; proposing coding for new law in Minnesota Statutes, chapter 204B; repealing Minnesota Statutes 1998, sections 203B.08, subdivisions 1a and 3a; 203B.12, subdivision 5; 204D.14, subdivision 2; 204D.19, subdivision 5; and 365.10, subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 8 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Howes	Luther	Ozment	Storm
Abrams	Entenza	Huntley	Mahoney	Paulsen	Swenson
Anderson, B.	Erhardt	Jaros	Mares	Pawlenty	Sykora
Bakk	Erickson	Jennings	Marko	Paymar	Tingelstad
Biernat	Finseth	Johnson	McCollum	Pelowski	Trimble
Bishop	Fuller	Juhnke	McElroy	Peterson	Tuma
Boudreau	Gerlach	Kahn	McGuire	Pugh	Tunheim
Bradley	Gleason	Kalis	Milbert	Rest	Van Dellen
Broecker	Goodno	Kelliher	Molnau	Reuter	Vanderveer
Buesgens	Gray	Kielkucki	Mulder	Rhodes	Wagenius
Carlson	Greenfield	Knoblach	Mullery	Rifenberg	Wenzel
Carruthers	Greiling	Koskinen	Munger	Rostberg	Westerberg
Cassell	Gunther	Kubly	Murphy	Rukavina	Westfall
Chaudhary	Haake	Kuisle	Ness	Seagren	Westrom
Clark, J.	Haas	Larsen, P.	Nornes	Seifert, J.	Wilkin
Daggett	Hackbarth	Larson, D.	Olson	Seifert, M.	Winter
Davids	Harder	Leighton	Opatz	Skoe	Wolf
Dawkins	Hausman	Lenczewski	Orfield	Skoglund	Workman
Dehler	Hilty	Leppik	Osskopp	Solberg	Spk. Sviggum
Dempsey	Holberg	Lieder	Osthoff	Stanek	
Dorman	Holsten	Lindner	Otremba	Stang	

Those who voted in the negative were:

Anderson, I.	Hasskamp	Mariani	Tomassoni
Clark, K.	Krinkie	Smith	Wejcmán

The bill was passed and its title agreed to.

H. F. No. 1346, A bill for an act relating to elections; changing training procedures for local election officials; amending Minnesota Statutes 1998, sections 204B.25, subdivision 2, and by adding a subdivision; 204B.27, by adding a subdivision; and 204B.28, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Luther	Ozment	Storm
Abrams	Dorn	Howes	Mahoney	Paulsen	Swenson
Anderson, B.	Entenza	Huntley	Mares	Pawlenty	Sykora
Anderson, I.	Erhardt	Jaros	Mariani	Paymar	Tingelstad
Bakk	Erickson	Jennings	Marko	Pelowski	Tomassoni
Biernat	Finseth	Johnson	McCollum	Peterson	Trimble
Bishop	Fuller	Juhnke	McElroy	Pugh	Tuma
Boudreau	Gerlach	Kahn	McGuire	Rest	Tunheim
Bradley	Gleason	Kelliher	Milbert	Reuter	Van Dellen
Broecker	Goodno	Kielkucki	Molnau	Rhodes	Vandever
Buesgens	Gray	Knoblach	Mulder	Rifenberg	Wagenius
Carlson	Greenfield	Koskinen	Mullery	Rostberg	Wejcmán
Carruthers	Greiling	Krinkie	Munger	Rukavina	Wenzel
Cassell	Gunther	Kubly	Murphy	Seagren	Westerberg
Chaudhary	Haake	Kuisle	Ness	Seifert, J.	Westfall
Clark, J.	Haas	Larsen, P.	Nornes	Seifert, M.	Westrom
Clark, K.	Hackbarth	Larson, D.	Olson	Skoe	Wilkin
Daggett	Harder	Leighton	Opatz	Skoglund	Winter
Davids	Hasskamp	Lenczewski	Orfield	Smith	Wolf
Dawkins	Hausman	Leppik	Osskopp	Solberg	Workman
Dehler	Hilty	Lieder	Osthoff	Stanek	Spk. Sviggum
Dempsey	Holberg	Lindner	Otremba	Stang	

The bill was passed and its title agreed to.

S. F. No. 1060, A bill for an act relating to state government; secretary of state; regulating service of process and certain notice requirements; regulating the names of certain business organizations; providing certain technical and conforming changes; amending Minnesota Statutes 1998, sections 5.23, subdivision 1; 5.25, subdivisions 3, 4, and 6; 281.23, subdivision 6; 323A.10-02; 333.01, subdivision 1; 333.19, subdivision 1; and 336.9-411.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Bishop	Carruthers	Davids	Entenza	Gleason
Abrams	Boudreau	Cassell	Dawkins	Erhardt	Goodno
Anderson, B.	Bradley	Chaudhary	Dehler	Erickson	Gray
Anderson, I.	Broecker	Clark, J.	Dempsey	Finseth	Greenfield
Bakk	Buesgens	Clark, K.	Dorman	Fuller	Greiling
Biernat	Carlson	Daggett	Dorn	Gerlach	Gunther

Haake	Kalis	Mahoney	Opatz	Rostberg	Trimble
Haas	Kelliher	Mares	Orfield	Rukavina	Tuma
Hackbarth	Kielkucki	Mariani	Osskopp	Seagren	Tunheim
Harder	Knoblach	Marko	Osthoff	Seifert, J.	Van Dellen
Hasskamp	Koskinen	McCollum	Otremba	Seifert, M.	Vandever
Hausman	Krinkie	McElroy	Ozment	Skoe	Wagenius
Hilty	Kubly	McGuire	Paulsen	Skoglund	Wejcman
Holberg	Kuisle	Milbert	Pawlenty	Smith	Wenzel
Holsten	Larsen, P.	Molnau	Paymar	Solberg	Westerberg
Howes	Larson, D.	Mulder	Pelowski	Stanek	Westfall
Huntley	Leighton	Mullery	Peterson	Stang	Westrom
Jaros	Lenczewski	Munger	Pugh	Storm	Wilkin
Jennings	Leppik	Murphy	Rest	Swenson	Winter
Johnson	Lieder	Ness	Reuter	Sykora	Wolf
Juhnke	Lindner	Nornes	Rhodes	Tingelstad	Workman
Kahn	Luther	Olson	Rifenberg	Tomassoni	Spk. Sviggum

The bill was passed and its title agreed to.

S. F. No. 1715 was reported to the House.

Entenza moved to amend S. F. No. 1715 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 1564, the first engrossment:

"Section 1. Minnesota Statutes 1998, section 45.027, subdivision 6, is amended to read:

Subd. 6. [VIOLATIONS AND PENALTIES.] The commissioner may impose a civil penalty not to exceed ~~\$2,000~~ \$10,000 per violation upon a person who violates any law, rule, or order related to the duties and responsibilities entrusted to the commissioner unless a different penalty is specified.

Sec. 2. Minnesota Statutes 1998, section 45.027, subdivision 7, is amended to read:

Subd. 7. [ACTIONS AGAINST LICENSEES.] (a) In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to the duties and responsibilities entrusted to the commissioner, as described under section 45.011, subdivision 4, or censure that person if the commissioner finds that:

- (1) the order is in the public interest; and
- (2) the person has violated any law, rule, or order related to the duties and responsibilities entrusted to the commissioner; or
- (3) the person has provided false, misleading, or incomplete information to the commissioner or has refused to allow a reasonable inspection of records or premises; or
- (4) the person has engaged in an act or practice, whether or not the act or practice directly involves the business for which the person is licensed or authorized, which demonstrates that the applicant or licensee is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act under the authority or license granted by the commissioner.

(b) The commissioner shall issue an order requiring a licensee or applicant for a license to show cause why the license should not be revoked or suspended, or the licensee censured, or the application denied. The order must be calculated to give reasonable notice of the time and place for a hearing on the action, and must state the reasons for the entry of the order. The commissioner may, by order, summarily suspend a license pending final determination of an order to show cause. If a license is suspended pending final determination of an order to show cause, a hearing on the merits must be held within 30 days of the issuance of the order of suspension. All hearings must be conducted according to chapter 14. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the licensee or applicant fails to appear at a hearing after having been duly notified of it, the person is considered in default, and the proceeding may be determined against the licensee or applicant upon consideration of the order to show cause, the allegations of which may be considered true. The summary suspension or summary revocation procedures does not apply to action by the commissioner against the certificate of authority of an insurer authorized to do business in Minnesota.

Except for information classified as confidential under sections 60A.03, subdivision 9; 60A.031; 60A.93; and 60D.22, the commissioner may make any data otherwise classified as private or confidential pursuant to this section accessible to an appropriate person or agency if the commissioner determines that the access will aid the law enforcement process, promote public health or safety, or dispel widespread rumor or unrest. If the commissioner determines that private or confidential information should be disclosed, the commissioner shall notify the attorney general as to the information to be disclosed, the purpose of the disclosure, and the need for the disclosure. The attorney general shall review the commissioner's determination. If the attorney general believes that the commissioner's determination does not satisfy the purpose and intent of this provision, the attorney general shall advise the commissioner in writing that the information may not be disclosed. If the attorney general believes the commissioner's determination satisfies the purpose and intent of this provision, the attorney general shall advise the commissioner in writing, accordingly.

After disclosing information pursuant to this provision, the commissioner shall advise the chairs of the senate and house of representatives judiciary committees of the disclosure and the basis for it.

Sec. 3. Minnesota Statutes 1998, section 45.028, subdivision 2, is amended to read:

Subd. 2. [HOW MADE.] Service of process under this section may be made by leaving a copy of the process in the office of the commissioner, or by sending a copy of the process to the commissioner by certified mail, and is not effective unless: (1) the plaintiff, who may be the commissioner in an action or proceeding instituted by the commissioner, sends notice of the service and a copy of the process by certified mail to the defendant or respondent at the last known address; and (2) the plaintiff's affidavit of compliance is filed in the action or proceeding on or before the return day of the process, if any, or within further time as the court allows.

Sec. 4. Minnesota Statutes 1998, section 80A.15, subdivision 2, is amended to read:

Subd. 2. The following transactions are exempted from sections 80A.08 and 80A.16:

(a) Any sales, whether or not effected through a broker-dealer, provided that:

(1) no person shall make more than ten sales of securities of the same issuer pursuant to this exemption, exclusive of sales according to clause (2), during any period of 12 consecutive months; provided further, that in the case of sales by an issuer, except sales of securities registered under the Securities Act of 1933 or exempted by section 3(b) of that act, (i) the seller reasonably believes that all buyers are purchasing for investment, and (ii) the securities are not advertised for sale to the general public in newspapers or other publications of general circulation or otherwise, or by radio, television, electronic means or similar communications media, or through a program of general solicitation by means of mail or telephone; and

(2) no issuer shall make more than 25 sales of its securities according to this exemption, exclusive of sales pursuant to clause (1), during any period of 12 consecutive months; provided further, that the issuer meets the conditions in clause (1) and, in addition meets the following additional conditions: (i) files with the commissioner,

ten days before a sale according to this clause, a statement of issuer on a form prescribed by the commissioner; and (ii) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyers in this state in connection with a sale according to this clause except reasonable and customary commissions paid by the issuer to a broker-dealer licensed under this chapter.

(b) Any nonissuer distribution of an outstanding security if (1) either Moody's, Fitch's, or Standard & Poor's Securities Manuals, or other recognized manuals approved by the commissioner contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of the sale, and a profit and loss statement for the fiscal year preceding the date of the balance sheet, and (2) the issuer or its predecessor has been in active, continuous business operation for the five-year period next preceding the date of sale, and (3) if the security has a fixed maturity or fixed interest or dividend provision, the issuer has not, within the three preceding fiscal years, defaulted in payment of principal, interest, or dividends on the securities.

(c) The execution of any orders by a licensed broker-dealer for the purchase or sale of any security, pursuant to an unsolicited offer to purchase or sell; provided that the broker-dealer acts as agent for the purchaser or seller, and has no direct material interest in the sale or distribution of the security, receives no commission, profit, or other compensation from any source other than the purchaser and seller and delivers to the purchaser and seller written confirmation of the transaction which clearly itemizes the commission, or other compensation.

(d) Any nonissuer sale of notes or bonds secured by a mortgage lien if the entire mortgage, together with all notes or bonds secured thereby, is sold to a single purchaser at a single sale.

(e) Any judicial sale, exchange, or issuance of securities made pursuant to an order of a court of competent jurisdiction.

(f) The sale, by a pledge holder, of a security pledged in good faith as collateral for a bona fide debt.

(g) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(h) An offer or sale of securities by an issuer made in reliance on the exemptions provided by Rule 505 or 506 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.501 to 230.508, subject to the conditions and definitions provided by Rules 501 to 503 of Regulation D, if the offer and sale also satisfies the conditions and limitations in clauses (1) to (10).

(1) The exemption under this paragraph is not available for the securities of an issuer if any of the persons described in Rule 252(c) to (f) of Regulation A promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.251 to 230.263:

(i) has filed a registration statement that is the subject of a currently effective order entered against the issuer, its officers, directors, general partners, controlling persons, or affiliates, according to any state's law within five years before the filing of the notice required under clause (5), denying effectiveness to, or suspending or revoking the effectiveness of, the registration statement;

(ii) has been convicted, within five years before the filing of the notice required under clause (5), of a felony or misdemeanor in connection with the offer, sale, or purchase of a security or franchise, or a felony involving fraud or deceit, including but not limited to forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is subject to an effective administrative order or judgment entered by a state securities administrator within five years before the filing of the notice required under clause (5), that prohibits, denies, or revokes the use of an exemption from securities registration, that prohibits the transaction of business by the person as a broker-dealer or agent, or that is based on fraud, deceit, an untrue statement of a material fact, or an omission to state a material fact; or

(iv) is subject to an order, judgment, or decree of a court entered within five years before the filing of the notice required under clause (5), temporarily, preliminarily, or permanently restraining or enjoining the person from engaging in or continuing any conduct or practice in connection with the offer, sale, or purchase of a security, or the making of a false filing with a state.

A disqualification under paragraph (h) involving a broker-dealer or agent is waived if the broker-dealer or agent is or continues to be licensed in the state in which the administrative order or judgment was entered against the person or if the broker-dealer or agent is or continues to be licensed in this state as a broker-dealer or agent after notifying the commissioner of the act or event causing disqualification.

The commissioner may waive a disqualification under paragraph (h) upon a showing of good cause that it is not necessary under the circumstances that use of the exemption be denied.

A disqualification under paragraph (h) may be waived if the state securities administrator or agency of the state that created the basis for disqualification has determined, upon a showing of good cause, that it is not necessary under the circumstances that an exemption from registration of securities under the state's laws be denied.

It is a defense to a violation of paragraph (h) based upon a disqualification if the issuer sustains the burden of proof to establish that the issuer did not know, and in the exercise of reasonable care could not have known, that a disqualification under paragraph (h) existed.

(2) This exemption must not be available to an issuer with respect to a transaction that, although in technical compliance with this exemption, is part of a plan or scheme to evade registration or the conditions or limitations explicitly stated in paragraph (h).

(3) No commission, finder's fee, or other remuneration shall be paid or given, directly or indirectly, for soliciting a prospective purchaser, unless the recipient is appropriately licensed, or exempt from licensure, in this state as a broker-dealer.

(4) Nothing in this exemption is intended to or should be in any way construed as relieving issuers or persons acting on behalf of issuers from providing disclosure to prospective investors adequate to satisfy the antifraud provisions of the securities law of Minnesota.

(5) The issuer shall file with the commissioner a notice on form D as adopted by the Securities and Exchange Commission according to Regulation D, Code of Federal Regulations, title 17, section 230.502. The notice must be filed not later than 15 days after the first sale in this state of securities in an offering under this exemption. Every notice on form D must be manually signed by a person duly authorized by the issuer and must be accompanied by a consent to service of process on a form prescribed by the commissioner.

(6) A failure to comply with a term, condition, or requirement of paragraph (h) will not result in loss of the exemption for an offer or sale to a particular individual or entity if the person relying on the exemption shows that: (i) the failure to comply did not pertain to a term, condition, or requirement directly intended to protect that particular individual or entity, and the failure to comply was insignificant with respect to the offering as a whole; and (ii) a good faith and reasonable attempt was made to comply with all applicable terms, conditions, and requirements of paragraph (h), except that, where an exemption is established only through reliance upon this provision, the failure to comply shall nonetheless constitute a violation of section 80A.08 and be actionable by the commissioner.

(7) The issuer, upon request by the commissioner, shall, within ten days of the request, furnish to the commissioner a copy of any and all information, documents, or materials furnished to investors or offerees in connection with the offer and sale according to paragraph (h).

(8) Neither compliance nor attempted compliance with the exemption provided by paragraph (h), nor the absence of an objection or order by the commissioner with respect to an offer or sale of securities undertaken according to this exemption, shall be considered to be a waiver of a condition of the exemption or considered to be a confirmation by the commissioner of the availability of this exemption.

(9) The commissioner may, by rule or order, increase the number of purchasers or waive any other condition of this exemption.

(10) The determination whether offers and sales made in reliance on the exemption set forth in paragraph (h) shall be integrated with offers and sales according to other paragraphs of this subdivision shall be made according to the integration standard set forth in Rule 502 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.502. If not subject to integration according to that rule, offers and sales according to paragraph (h) shall not otherwise be integrated with offers and sales according to other exemptions set forth in this subdivision.

(i) Any offer (but not a sale) of a security for which a registration statement has been filed under sections 80A.01 to 80A.31, if no stop order or refusal order is in effect and no public proceeding or examination looking toward an order is pending; and any offer of a security if the sale of the security is or would be exempt under this section. The commissioner may by rule exempt offers (but not sales) of securities for which a registration statement has been filed as the commissioner deems appropriate, consistent with the purposes of sections 80A.01 to 80A.31.

(j) The offer and sale by a cooperative organized under chapter 308A or under the laws of another state, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in the cooperative, or when such securities are issued as patronage dividends. This paragraph applies to a cooperative organized under the laws of another state only if the cooperative has filed with the commissioner a consent to service of process under section 80A.27, subdivision 7, and has, not less than ten days prior to the issuance or delivery, furnished the commissioner with a written general description of the transaction and any other information that the commissioner requires by rule or otherwise. This exemption only applies when the issuing cooperative is seeking to raise up to \$1,000,000.

(l) The issuance and delivery of any securities of one corporation to another corporation or its security holders in connection with a merger, exchange of shares, or transfer of assets whereby the approval of stockholders of the other corporation is required to be obtained, provided, that the commissioner has been furnished with a general description of the transaction and with other information as the commissioner by rule prescribes not less than ten days prior to the issuance and delivery.

(m) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters.

(n) The distribution by a corporation of its or other securities to its own security holders as a stock dividend or as a dividend from earnings or surplus or as a liquidating distribution; or upon conversion of an outstanding convertible security; or pursuant to a stock split or reverse stock split.

(o) Any offer or sale of securities by an affiliate of the issuer thereof if: (1) a registration statement is in effect with respect to securities of the same class of the issuer and (2) the offer or sale has been exempted from registration by rule or order of the commissioner.

(p) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants, or transferable warrants exercisable within not more than 90 days of their issuance, if: (1) no commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state; and (2) the commissioner has been furnished with a general description of the transaction and with other information as the commissioner may by rule prescribe not less than ten days prior to the transaction.

(q) Any nonissuer sales of any security, including a revenue obligation, issued by the state of Minnesota or any of its political or governmental subdivisions, municipalities, governmental agencies, or instrumentalities.

(r) Any transaction as to which the commissioner by rule or order finds that registration is not necessary in the public interest and for the protection of investors.

(s) An offer or sale of a security issued in connection with an employee's stock purchase, savings, option, profit sharing, pension, or similar employee benefit plan, if the following conditions are met:

(1) the issuer, its parent corporation or any of its majority-owned subsidiaries offers or sells the security according to a written benefit plan or written contract relating to the compensation of the purchaser; and

(2) the class of securities offered according to the plan or contract, or if an option or right to purchase a security, the class of securities to be issued upon the exercise of the option or right, is registered under section 12 of the Securities Exchange Act of 1934, or is a class of securities with respect to which the issuer files reports according to section 15(d) of the Securities Exchange Act of 1934; or

(3) the issuer fully complies with the provisions of Rule 701 as adopted by the Securities and Exchange Commission, Code of Federal Regulations, title 12, section 230.701.

The issuer shall file not less than ten days before the transaction, a general description of the transaction and any other information that the commissioner requires by rule or otherwise or, if applicable, a Securities and Exchange Form S-8. Annually, within 90 days after the end of the issuer's fiscal year, the issuer shall file a notice as provided with the commissioner.

(t) Any sale of a security of an issuer that is a pooled income fund, a charitable remainder trust, or a charitable lead trust that has a qualified charity as the only charitable beneficiary.

(u) Any sale by a qualified charity of a security that is a charitable gift annuity if the issuer has a net worth, otherwise defined as unrestricted fund balance, of not less than \$300,000 and either: (1) has been in continuous operation for not less than three years; or (2) is a successor or affiliate of a qualified charity that has been in continuous operation for not less than three years.

Sec. 5. [82B.201] [CRIMINAL PENALTY.]

Any person who violates any provision of this chapter, or any rule or order of the commissioner, is guilty of a gross misdemeanor.

Sec. 6. Minnesota Statutes 1998, section 326.83, subdivision 18, is amended to read:

Subd. 18. [ROOFER.] "Roofer" means a person engaged in the business of ~~doing~~ contracting, or offering to contract with an owner, to complete work on residential real estate in roof coverings, roof sheathing, roof weatherproofing and insulation, and repair of roof systems, but not construction of new roof systems.

Sec. 7. Minnesota Statutes 1998, section 326.89, subdivision 3, is amended to read:

Subd. 3. [EXAMINATION.] (a) Each qualifying person must satisfactorily complete a written examination for the type of license requested. The commissioner may establish the examination qualifications, including related education experience and education, the examination procedure, and the examination for each licensing group. The examination must include at a minimum the following areas:

(1) appropriate knowledge of technical terms commonly used and the knowledge of reference materials and code books to be used for technical information; and

(2) understanding of the general principles of business management and other pertinent state laws.

(b) Each examination must be designed for the specified type of license requested. The council shall advise the commissioner on the grading, monitoring, and updating of examinations.

(c) A person's passing examination results expire two years from the examination date. A person who passes the examination but does not choose to apply to act as a qualifying person for a licensee within two years from the examination date, must, upon application provide:

(1) passing examination results within two years from the date of application; or

(2) proof that the person has fulfilled the continuing education requirements in section 326.87 in the manner required for a qualifying person of a licensee for each license period after the expiration of the examination results.

Sec. 8. Minnesota Statutes 1998, section 326.92, is amended by adding a subdivision to read:

Subd. 1a. [GROSS MISDEMEANOR.] A person required to be licensed under sections 326.84 to 326.991 who violates an order under subdivision 3 is guilty of a gross misdemeanor.

Sec. 9. Minnesota Statutes 1998, section 326.94, subdivision 2, is amended to read:

Subd. 2. [INSURANCE.] Licensees must have public liability insurance with limits of at least \$100,000 per occurrence, which must include at least \$10,000 property damage coverage. The insurance must be written by an insurer licensed to do business in this state. The commissioner may increase the minimum amount of insurance required for any licensee or class of licensees if the commissioner considers it to be in the public interest and necessary to protect the interests of Minnesota consumers.

Sec. 10. Minnesota Statutes 1998, section 332.37, is amended to read:

332.37 [PROHIBITED PRACTICES.]

No collection agency or collectors shall:

(1) in collection letters or publications, or in any communication, oral or written threaten wage garnishment or legal suit by a particular lawyer, unless it has actually retained the lawyer;

(2) use or employ constables, sheriffs or any other officer authorized to serve legal papers in connection with the collection of a claim, except when performing their legally authorized duties;

(3) use or threaten to use methods of collection which violate Minnesota law;

(4) furnish legal advice or otherwise engage in the practice of law or represent that it is competent to do so;

(5) communicate with debtors in a misleading or deceptive manner by using the stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare, or instruments which simulate the form and appearance of judicial process;

(6) exercise authority on behalf of a creditor to employ the services of lawyers unless the creditor has specifically authorized the agency in writing to do so and the agency's course of conduct is at all times consistent with a true relationship of attorney and client between the lawyer and the creditor;

(7) publish or cause to be published any list of debtors except for credit reporting purposes, use shame cards or shame automobiles, advertise or threaten to advertise for sale any claim as a means of forcing payment thereof, or use similar devices or methods of intimidation;

(8) refuse to return any claim or claims and all valuable papers deposited with a claim or claims upon written request of the creditor, claimant or forwarder after tender of the amounts due and owing to the agency within 30 days after the request; refuse or intentionally fail to account to its clients for all money collected within 30 days from the last day of the month in which the same is collected; or, refuse or fail to furnish at intervals of not less than 90 days upon written request of the claimant or forwarder, a written report upon claims received from the claimant or forwarder;

(9) operate under a name or in a manner which implies that the agency is a branch of or associated with any department of federal, state, county or local government or an agency thereof;

(10) commingle money collected for a customer with the agency's operating funds or use any part of a customer's money in the conduct of the agency's business;

(11) transact business or hold itself out as a debt prorater, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates or pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or liquidation is done pursuant to court order or under the supervision of a creditor's committee;

(12) violate any of the provisions of the Fair Debt Collection Practices Act of 1977 while attempting to collect on any account, bill or other indebtedness;

(13) communicate with a debtor by use of a recorded message utilizing an automatic dialing announcing device unless the recorded message is immediately preceded by a live operator who discloses prior to the message the name of the collection agency and the fact the message intends to solicit payment and the operator obtains the consent of the debtor to hearing the message;

(14) in collection letters or publications, or in any communication, oral or written, imply or suggest that health care services will be withheld in an emergency situation;

(15) when a debtor has a listed telephone number, enlist the aid of a neighbor or third party to request that the debtor contact the licensee, except a person who resides with the debtor or a third party with whom the debtor has authorized the licensee to place the request. This clause does not apply to a call back message left at the debtor's place of employment which is limited to the licensee's telephone and the collector's name;

(16) when attempting to collect a debt, fail to provide the debtor with the full name of the collection agency as it appears on its license;

(17) collect any money from a debtor that is not reported to a creditor or fail to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of chapter 345;

(18) accept currency or coin as payment for a debt without issuing an original receipt to the debtor and maintain a duplicate receipt in the debtor's payment records; or

(19) attempt to collect any amount of money from a debtor or charge a fee to a creditor that is not authorized by agreement with the client;

(20) falsify any collection agency documents with the intent to deceive a debtor, creditor, or governmental agency; or

~~(19)~~ (21) when initially contacting a Minnesota debtor by mail, fail to include a disclosure on the contact notice, in a type size or font which is equal to or larger than the largest other type of type size or font used in the text of the notice. The disclosure must state: "This collection agency is licensed by the Minnesota Department of Commerce."

Sec. 11. [REPEALER.]

Minnesota Statutes 1998, section 326.89, subdivision 3a, is repealed.

Sec. 12. [EFFECTIVE DATES.]

Sections 1 to 3, 5 to 8, 10, and 11 are effective the day following final enactment. Sections 4 and 9 are effective August 1, 1999."

Delete the title and insert:

"A bill for an act relating to commerce; providing enforcement authority for the commissioner; regulating service of process; regulating residential building contractors and remodelers; providing criminal penalties; amending Minnesota Statutes 1998, sections 45.027, subdivisions 6 and 7; 45.028, subdivision 2; 80A.15, subdivision 2; 326.83, subdivision 18; 326.89, subdivision 3; 326.92, by adding a subdivision; 326.94, subdivision 2; and 332.37; proposing coding for new law in Minnesota Statutes, chapter 82B; repealing Minnesota Statutes 1998, section 326.89, subdivision 3a."

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

S. F. No. 1715, A bill for an act relating to commerce; providing enforcement authority for the commissioner; regulating service of process; excluding hair braiding from the practice of cosmetology; regulating residential building contractors and remodelers; providing criminal penalties; amending Minnesota Statutes 1998, sections 45.027, subdivisions 6 and 7; 45.028, subdivision 2; 80A.15, subdivision 2; 155A.03, subdivision 2, and by adding a subdivision; 326.83, subdivision 18; 326.89, subdivision 3; 326.94, subdivision 2; and 332.37; repealing Minnesota Statutes 1998, section 326.89, subdivision 3a.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 106 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Abeler	Dawkins	Hackbarth	Koskinen	McGuire	Paymar
Abrams	Dorman	Harder	Kubly	Milbert	Pelowski
Anderson, I.	Dorn	Hasskamp	Kuisle	Molnau	Peterson
Bakk	Entenza	Hausman	Larson, D.	Mullery	Pugh
Biernat	Erhardt	Hilty	Leighton	Munger	Rest
Bishop	Finseth	Holsten	Lenczewski	Murphy	Rhodes
Boudreau	Fuller	Howes	Leppik	Ness	Rostberg
Bradley	Gleason	Huntley	Lieder	Nornes	Rukavina
Broecker	Goodno	Jaros	Luther	Opatz	Seagren
Carlson	Gray	Jennings	Mahoney	Orfield	Skoe
Carruthers	Greenfield	Johnson	Mares	Osskopp	Skoglund
Cassell	Greiling	Juhnke	Mariani	Otremba	Solberg
Chaudhary	Gunther	Kahn	Marko	Ozment	Stanek
Clark, K.	Haake	Kalis	McCollum	Paulsen	Stang
Daggett	Haas	Kelliher	McElroy	Pawlenty	Sykora

Tingelstad	Tuma	Wagenius	Westerberg	Winter	Spk. Sviggum
Tomassoni	Tunheim	Wejcman	Westfall	Wolf	
Trimble	Van Dellen	Wenzel	Westrom	Workman	

Those who voted in the negative were:

Anderson, B.	Dempsey	Kielkucki	Lindner	Rifenberg	Storm
Buesgens	Erickson	Knoblach	Mulder	Seifert, J.	Swenson
Clark, J.	Gerlach	Krinkie	Olson	Seifert, M.	Vandever
Dehler	Holberg	Larsen, P.	Reuter	Smith	Wilkin

The bill was passed, as amended, and its title agreed to.

H. F. No. 90 was reported to the House.

Bishop moved that H. F. No. 90 be temporarily laid over on the Calendar for the Day. The motion prevailed.

S. F. No. 521, A bill for an act relating to insurance; requiring no-fault automobile insurance medical benefits to include sign interpreting and language translation; making technical changes; amending Minnesota Statutes 1998, section 65B.44, subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 97 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Abrams	Goodno	Juhnke	Marko	Paymar	Tunheim
Anderson, I.	Gray	Kahn	McCollum	Pelowski	Van Dellen
Bakk	Greenfield	Kalis	McElroy	Peterson	Vandever
Biernat	Greiling	Kelliher	McGuire	Pugh	Wagenius
Bishop	Gunther	Koskinen	Milbert	Rest	Wejcman
Carlson	Haake	Kubly	Mullery	Rhodes	Wenzel
Carruthers	Haas	Kuisle	Munger	Rostberg	Westerberg
Cassell	Hackbarth	Larson, D.	Murphy	Rukavina	Westfall
Chaudhary	Harder	Leighton	Ness	Skoe	Westrom
Clark, K.	Hasskamp	Lenczewski	Nornes	Skoglund	Winter
Davids	Hausman	Leppik	Opatz	Solberg	Wolf
Dawkins	Hilty	Lieder	Orfield	Stanek	Workman
Dorman	Holsten	Lindner	Osskopp	Stang	
Dorn	Huntley	Luther	Osthoff	Tingelstad	
Entenza	Jaros	Mahoney	Otremba	Tomassoni	
Erhardt	Jennings	Mares	Ozment	Trimble	
Gleason	Johnson	Mariani	Pawlenty	Tuma	

Those who voted in the negative were:

Abeler	Bradley	Clark, J.	Dempsey	Fuller	Howes
Anderson, B.	Broecker	Daggett	Erickson	Gerlach	Kielkucki
Boudreau	Buesgens	Dehler	Finseth	Holberg	Knoblach

Krinkie	Mulder	Reuter	Seifert, J.	Storm	Wilkin
Larsen, P.	Olson	Rifenberg	Seifert, M.	Swenson	Spk. Sviggum
Molnau	Paulsen	Seagren	Smith	Sykora	

The bill was passed and its title agreed to.

REPORT FROM THE CHAIR OF THE  
COMMITTEE ON WAYS AND MEANS

April 28, 1999

Edward A. Burdick  
Chief Clerk of the House of Representatives  
The State of Minnesota

Dear Mr. Burdick:

House Rule 4.03 requires the Chair of the Committee on Ways and Means to certify to the House of Representatives that the Committee has reconciled any finance and revenue bills with the budget resolution and targets.

Please accept this letter as certification that H. F. No. 2420 reconciles with the budget resolution and targets.

Sincerely,

REPRESENTATIVE DAVE BISHOP  
Chair, House Ways and Means Committee

Opatz was excused for the remainder of today's session.

Pawlenty moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

Milbert was excused between the hours of 1:20 p.m. and 3:20 p.m.

The Speaker called Abrams to the Chair.

S. F. No. 841, which was continued on the Calendar for the Day earlier today, and was amended by the House on Wednesday, April 21, 1999, was again reported to the House.

## CALL OF THE HOUSE

On the motion of Koskinen and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Abeler	Dehler	Howes	Luther	Pelowski	Sykora
Abrams	Dempsey	Huntley	Mahoney	Peterson	Tingelstad
Anderson, B.	Dorman	Jennings	Mares	Pugh	Tomassoni
Anderson, I.	Dorn	Johnson	Mariani	Rest	Trimble
Bakk	Entenza	Juhnke	Marko	Reuter	Tuma
Biernat	Erhardt	Kahn	McCollum	Rhodes	Tunheim
Bishop	Erickson	Kelliher	McElroy	Rifenberg	Vandever
Boudreau	Fuller	Kielkucki	McGuire	Rostberg	Wagenius
Bradley	Gerlach	Knoblach	Molnau	Schumacher	Wejcmán
Broecker	Gleason	Koskinen	Mulder	Seagren	Wenzel
Buesgens	Goodno	Krinkie	Mullery	Seifert, J.	Westerberg
Carlson	Greenfield	Kubly	Munger	Seifert, M.	Westfall
Carruthers	Greiling	Kuisle	Nornes	Skoe	Wilkin
Cassell	Haake	Larsen, P.	Olson	Skoglund	Winter
Chaudhary	Haas	Larson, D.	Osskopp	Smith	Wolf
Clark, J.	Harder	Leighton	Osthoff	Solberg	Workman
Clark, K.	Hasskamp	Lenczewski	Ozment	Stanek	Spk. Sviggum
Daggett	Hausman	Leppik	Paulsen	Stang	
Davids	Holberg	Lieder	Pawlenty	Storm	
Dawkins	Holsten	Lindner	Paymar	Swenson	

Pawlenty moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Koskinen moved to amend S. F. No. 841, the unofficial engrossment, as follows:

Page 4, line 18, after the comma, insert ", except for:

(i) coverage of newborn infants required under Minnesota Statutes, sections 62C.14 and 62A.042;

(ii) coverage of adopted children required under Minnesota Statutes, section 62A.27; and

(iii) coverage of children's health supervision services, including pediatric preventive services, appropriate immunizations, and developmental assessments, and prenatal care services required under Minnesota Statutes, section 62A.047; and"

A roll call was requested and properly seconded.

The question was taken on the Koskinen amendment and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 126 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, I.	Bishop	Buesgens	Cassell	Clark, K.
Abrams	Bakk	Boudreau	Carlson	Chaudhary	Daggett
Anderson, B.	Biernat	Broecker	Carruthers	Clark, J.	Davids

Dawkins	Haas	Knoblach	McGuire	Rest	Sykora
Dehler	Hackbarth	Koskinen	Molnau	Reuter	Tingelstad
Dempsey	Harder	Kubly	Mulder	Rhodes	Tomassoni
Dorman	Hasskamp	Kuisle	Mullery	Rifenberg	Trimble
Dorn	Hausman	Larsen, P.	Munger	Rostberg	Tuma
Entenza	Hilty	Larson, D.	Murphy	Rukavina	Tunheim
Erhardt	Holberg	Leighton	Nornes	Schumacher	Van Dellen
Erickson	Holsten	Lenczewski	Olson	Seagren	Vandever
Finseth	Howes	Leppik	Orfield	Seifert, J.	Wagenius
Fuller	Huntley	Lieder	Osskopp	Seifert, M.	Wejzman
Gerlach	Jaros	Lindner	Osthoff	Skoe	Wenzel
Gleason	Jennings	Luther	Ozment	Skoglund	Westerberg
Goodno	Johnson	Mahoney	Paulsen	Smith	Westfall
Gray	Juhnke	Mares	Pawlenty	Solberg	Wilkin
Greenfield	Kahn	Mariani	Paymar	Stanek	Winter
Greiling	Kalis	Marko	Pelowski	Stang	Wolf
Gunther	Kelliher	McCollum	Peterson	Storm	Workman
Haake	Kielkucki	McElroy	Pugh	Swenson	Spk. Sviggum

Those who voted in the negative were:

Bradley                      Krinkie

The motion prevailed and the amendment was adopted.

#### CALL OF THE HOUSE LIFTED

Reuter moved that the call of the House be suspended. The motion prevailed and it was so ordered.

Greenfield moved to amend S. F. No. 841, the unofficial engrossment, as amended, as follows:

Page 4, line 18, after the comma, insert " , except for coverage of outpatient mental health treatment services required under Minnesota Statutes, section 62A.152, and coverage of mental health and chemical dependency on a parity basis as required under Minnesota Statutes, section 62Q.47; and"

A roll call was requested and properly seconded.

The question was taken on the Greenfield amendment and the roll was called. There were 111 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Abeler	Buesgens	Dehler	Gleason	Hackbarth	Jennings
Abrams	Carlson	Dempsey	Goodno	Harder	Johnson
Anderson, B.	Carruthers	Dorman	Gray	Hasskamp	Juhnke
Anderson, I.	Chaudhary	Dorn	Greenfield	Hausman	Kahn
Bakk	Clark, J.	Entenza	Greiling	Hilty	Kalis
Biernat	Clark, K.	Erhardt	Gunther	Holsten	Kelliher
Bishop	Daggett	Finseth	Haake	Howes	Kielkucki
Broecker	Dawkins	Fuller	Haas	Huntley	Knoblach

Koskinen	Mares	Orfield	Rhodes	Stanek	Wejzman
Kubly	Mariani	Osskopp	Rifenberg	Stang	Wenzel
Kuisle	Marko	Osthoff	Rostberg	Swenson	Westerberg
Larsen, P.	McCollum	Ozment	Schumacher	Sykora	Westfall
Larson, D.	McElroy	Paulsen	Seagren	Tingelstad	Westrom
Leighton	McGuire	Pawlenty	Seifert, J.	Tomassoni	Wilkin
Lenczewski	Molnau	Paymar	Seifert, M.	Trimble	Winter
Leppik	Mullery	Pelowski	Skoe	Tuma	Workman
Lieder	Munger	Peterson	Skoglund	Tunheim	
Luther	Murphy	Pugh	Smith	Vandever	
Mahoney	Nornes	Rest	Solberg	Wagenius	

Those who voted in the negative were:

Boudreau	Dauids	Gerlach	Krinkie	Olson	Van Dellen
Bradley	Erickson	Holberg	Lindner	Reuter	Wolf

The motion prevailed and the amendment was adopted.

Entenza and Opatz moved to amend S. F. No. 841, the unofficial engrossment, as amended, as follows:

Page 4, line 18, after the comma, insert "except for coverage of the minimum maternity hospital stays of 48 hours for a vaginal delivery and 96 hours for a cesarean delivery required under Minnesota Statutes, section 62A.0411; and"

A roll call was requested and properly seconded.

The question was taken on the Entenza and Opatz amendment and the roll was called. There were 125 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Holsten	Luther	Pawlenty	Swenson
Abrams	Entenza	Howes	Mahoney	Paymar	Sykora
Anderson, I.	Erhardt	Huntley	Mares	Pelowski	Tingelstad
Bakk	Erickson	Jaros	Mariani	Peterson	Tomassoni
Biernat	Finseth	Jennings	Marko	Pugh	Trimble
Bishop	Fuller	Johnson	McCollum	Rest	Tuma
Boudreau	Gerlach	Juhnke	McElroy	Rhodes	Tunheim
Broecker	Gleason	Kahn	McGuire	Rifenberg	Van Dellen
Buesgens	Goodno	Kalis	Molnau	Rostberg	Vandever
Carlson	Gray	Kelliher	Mulder	Rukavina	Wagenius
Carruthers	Greenfield	Kielkucki	Mullery	Schumacher	Wejzman
Cassell	Greiling	Knoblach	Munger	Seagren	Wenzel
Chaudhary	Gunther	Koskinen	Murphy	Seifert, J.	Westerberg
Clark, J.	Haake	Kuisle	Ness	Seifert, M.	Westfall
Clark, K.	Haas	Larsen, P.	Nornes	Skoe	Westrom
Daggett	Hackbarth	Larson, D.	Orfield	Skoglund	Wilkin
Dauids	Harder	Leighton	Osskopp	Smith	Winter
Dawkins	Hasskamp	Lenczewski	Osthoff	Solberg	Wolf
Dehler	Hausman	Leppik	Otremba	Stanek	Workman
Dempsey	Hilty	Lieder	Ozment	Stang	Spk. Sviggum
Dorman	Holberg	Lindner	Paulsen	Storm	

Those who voted in the negative were:

Anderson, B.      Bradley      Krinkie      Kubly      Olson      Reuter

The motion prevailed and the amendment was adopted.

Krinkie was excused between the hours of 1:45 p.m. and 3:20 p.m.

Skoglund moved to amend S. F. No. 841, the unofficial engrossment, as amended, as follows:

Page 4, line 18, after the comma, insert "except for coverage of medical and dental treatment of cleft lip and cleft palate up to age 18, required under section 62A.042, subdivision 1, clause (b); and subdivision 2, clause (b); and"

A roll call was requested and properly seconded.

The question was taken on the Skoglund amendment and the roll was called. There were 102 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hasskamp	Lieder	Otremba	Solberg
Abrams	Dorman	Hausman	Luther	Paulsen	Storm
Anderson, I.	Dorn	Hilty	Mahoney	Pawlenty	Sykora
Bakk	Entenza	Howes	Mares	Paymar	Tingelstad
Biernat	Erhardt	Huntley	Mariani	Pelowski	Tomassoni
Bishop	Finseth	Jennings	Marko	Peterson	Trimble
Broecker	Fuller	Johnson	McCollum	Pugh	Tuma
Carlson	Gerlach	Juhnke	McGuire	Rest	Tunheim
Carruthers	Gleason	Kahn	Mulder	Rhodes	Vandever
Cassell	Goodno	Kalis	Mullery	Rostberg	Wagenius
Chaudhary	Gray	Kelliher	Munger	Schumacher	Wejcman
Clark, J.	Greenfield	Knoblach	Murphy	Seagren	Wenzel
Clark, K.	Greiling	Koskinen	Ness	Seifert, J.	Westerberg
Daggett	Haake	Larsen, P.	Nornes	Seifert, M.	Westfall
Davids	Haas	Larson, D.	Orfield	Skoe	Westrom
Dawkins	Hackbarth	Leighton	Osskopp	Skoglund	Winter
Dehler	Harder	Lenczewski	Osthoff	Smith	Workman

Those who voted in the negative were:

Anderson, B.	Gunther	Kuistle	Olson	Swenson
Boudreau	Holberg	Leppik	Reuter	Van Dellen
Bradley	Holsten	Lindner	Rifenberg	Wilkin
Buesgens	Kielkucki	McElroy	Stanek	Wolf
Erickson	Kubly	Molnau	Stang	Spk. Sviggum

The motion prevailed and the amendment was adopted.

Otremba moved to amend S. F. No. 841, the unofficial engrossment, as amended, as follows:

Page 4, line 18, after "law" insert ", except for:

(i) coverage of routine cancer screening, utilizing mammograms and pap smears, required under Minnesota Statutes, section 62A.30;

(ii) coverage of reconstructive surgery for breast reconstruction, required under Minnesota Statutes, section 62A.25;

(iii) coverage of direct access to obstetrical-gynecological care required under Minnesota Statutes, section 62Q.52; and

(iv) coverage of breast cancer, utilizing high dose chemotherapy followed by bone marrow transplantation, required under Minnesota Statutes, section 62A.309"

A roll call was requested and properly seconded.

The question was taken on the Otremba amendment and the roll was called. There were 120 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Holsten	Lieder	Otremba	Solberg
Abrams	Entenza	Howes	Luther	Ozment	Stanek
Anderson, I.	Erhardt	Huntley	Mahoney	Paulsen	Stang
Bakk	Erickson	Jaros	Mares	Pawlenty	Storm
Biernat	Finseth	Jennings	Mariani	Paymar	Tingelstad
Bishop	Fuller	Johnson	Marko	Pelowski	Tomassoni
Boudreau	Gerlach	Juhnke	McCollum	Peterson	Trimble
Broecker	Gleason	Kahn	McElroy	Pugh	Tuma
Carlson	Goodno	Kalis	McGuire	Rest	Tunheim
Carruthers	Gray	Kelliher	Molnau	Rhodes	Vandever
Cassell	Greenfield	Kielkucki	Mulder	Rifenberg	Wagenius
Chaudhary	Greiling	Knoblach	Mullery	Rostberg	Wejzman
Clark, J.	Haake	Koskinen	Munger	Rukavina	Wenzel
Clark, K.	Haas	Kubly	Murphy	Schumacher	Westerberg
Daggett	Hackbarth	Kuisle	Ness	Seagren	Westfall
Davids	Harder	Larsen, P.	Nornes	Seifert, J.	Westrom
Dawkins	Hasskamp	Larson, D.	Olson	Seifert, M.	Wilkin
Dehler	Hausman	Leighton	Orfield	Skoe	Winter
Dempsey	Hilty	Lenczewski	Osskopp	Skoglund	Wolf
Dorman	Holberg	Leppik	Osthoff	Smith	Workman

Those who voted in the negative were:

Bradley	Gunther	Reuter	Sykora	Spk. Sviggum
Buesgens	Lindner	Swenson	Van Dellen	

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Skoglund moved to amend S. F. No. 841, the unofficial engrossment, as amended, as follows:

Page 4, line 17, after "coverages" insert ", other than those required under section 62L.05, subdivision 4,"

A roll call was requested and properly seconded.

The question was taken on the Skoglund amendment and the roll was called. There were 115 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Holberg	Luther	Pawlenty	Swenson
Abrams	Entenza	Holsten	Mahoney	Paymar	Tingelstad
Anderson, I.	Erhardt	Howes	Mares	Pelowski	Tomassoni
Bakk	Erickson	Huntley	Mariani	Peterson	Trimble
Biernat	Finseth	Jaros	Marko	Pugh	Tunheim
Bishop	Fuller	Jennings	McCollum	Rest	Vandever
Boudreau	Gerlach	Johnson	McElroy	Rhodes	Wagenius
Broecker	Gleason	Juhnke	McGuire	Rifenberg	Wejcman
Carlson	Goodno	Kahn	Molnau	Rostberg	Wenzel
Carruthers	Gray	Kalis	Mulder	Rukavina	Westerberg
Cassell	Greenfield	Kelliher	Mullery	Schumacher	Westfall
Chaudhary	Greiling	Knoblach	Munger	Seifert, J.	Westrom
Clark, J.	Gunther	Koskinen	Murphy	Seifert, M.	Winter
Clark, K.	Haake	Kubly	Nornes	Skoe	Wolf
Daggett	Haas	Larsen, P.	Orfield	Skoglund	Spk. Sviggum
Davids	Hackbarth	Larson, D.	Osskopp	Smith	
Dawkins	Harder	Leighton	Osthoff	Solberg	
Dehler	Hasskamp	Lenczewski	Otremba	Stanek	
Dempsey	Hausman	Leppik	Ozment	Stang	
Dorman	Hilty	Lieder	Paulsen	Storm	

Those who voted in the negative were:

Anderson, B.	Kielkucki	Olson	Sykora	Workman
Bradley	Kuisle	Reuter	Van Dellen	
Buesgens	Lindner	Seagren	Wilkin	

The motion prevailed and the amendment was adopted.

Skoglund moved to amend S. F. No. 841, the unofficial engrossment, as amended, as follows:

Page 4, line 25, delete the period and insert "; and

(8) The commissioner shall not approve a health plan under this section until:

(i) the health plan has been made available to legislators as one of the health plans available for enrollment by legislators;

(ii) at least ten percent of the legislators have selected that health plan as their choice of health plan during open enrollment; and

(iii) at least nine months have passed since the date upon which at least ten percent of the legislators have enrolled in the health plan.

The health plan must not be used for purposes of determining the lowest-cost plan offered to legislators in any county and must not affect the payment required for any other health plan. This section must not be interpreted as requiring that the legislative coordinating commission or the commissioner of employee relations offer the health plan as one of the choices available to legislators, legislative staff, or other state employees."

A roll call was requested and properly seconded.

The question was taken on the Skoglund amendment and the roll was called. There were 60 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Gray	Kelliher	Mariani	Paymar	Skoglund
Bakk	Greenfield	Koskinen	Marko	Pelowski	Solberg
Biernat	Greiling	Kubly	McCollum	Peterson	Tomassoni
Carlson	Hausman	Larsen, P.	McGuire	Pugh	Trimble
Carruthers	Huntley	Larson, D.	Mullery	Rest	Tunheim
Clark, K.	Jaros	Leighton	Munger	Rostberg	Vandever
Dawkins	Jennings	Lenczewski	Murphy	Rukavina	Wagenius
Dorn	Johnson	Lieder	Orfield	Schumacher	Wejcmán
Entenza	Juhnke	Luther	Otremba	Seifert, J.	Westrom
Gleason	Kalis	Mahoney	Pawlenty	Skoe	Winter

Those who voted in the negative were:

Abeler	Dehler	Hackbarth	Lindner	Rhodes	Van Dellen
Abrams	Dempsey	Harder	Mares	Rifenberg	Westerberg
Anderson, B.	Dorman	Hasskamp	McElroy	Seagren	Westfall
Bishop	Erhardt	Hilty	Molnau	Seifert, M.	Wilkin
Boudreau	Erickson	Holberg	Mulder	Smith	Wolf
Bradley	Finseth	Holsten	Ness	Stanek	Workman
Broecker	Fuller	Howes	Nornes	Stang	Spk. Sviggum
Buesgens	Gerlach	Kahn	Olson	Storm	
Cassell	Goodno	Kielkucki	Osskopp	Swenson	
Clark, J.	Gunther	Knoblach	Ozment	Sykora	
Daggett	Haake	Kuisle	Paulsen	Tingelstad	
Davids	Haas	Leppik	Reuter	Tuma	

The motion did not prevail and the amendment was not adopted.

S. F. No. 841, A bill for an act relating to insurance; providing an alternative benefit plan for small employers; authorizing a small employer alternative benefit plan pilot project; modifying certain health plan company requirements; amending Minnesota Statutes 1998, sections 62L.02, subdivision 16; 62L.05, subdivision 5, and by adding a subdivision; 62Q.095, subdivision 1; and 62Q.51, subdivision 4.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 116 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Holsten	Lindner	Pelowski	Tingelstad
Abrams	Dorman	Howes	Luther	Peterson	Tomassoni
Anderson, B.	Dorn	Huntley	Mares	Rest	Tuma
Anderson, I.	Entenza	Jaros	Marko	Reuter	Tunheim
Bakk	Erhardt	Jennings	McElroy	Rhodes	Van Dellen
Biernat	Erickson	Johnson	McGuire	Rifenberg	Vandever
Bishop	Finseth	Juhnke	Molnau	Rostberg	Wagenius
Boudreau	Fuller	Kahn	Mulder	Rukavina	Wenzel
Bradley	Gerlach	Kalis	Munger	Schumacher	Westerberg
Broecker	Gleason	Kelliher	Murphy	Seagren	Westfall
Buesgens	Goodno	Kielkucki	Ness	Seifert, J.	Westrom
Carlson	Gray	Knoblach	Nornes	Seifert, M.	Wilkin
Carruthers	Greiling	Koskinen	Olson	Skoe	Winter
Cassell	Haake	Kubly	Orfield	Smith	Wolf
Chaudhary	Haas	Kuisle	Osskopp	Solberg	Workman
Clark, J.	Hackbarth	Larsen, P.	Osthoff	Stanek	Spk. Sviggum
Daggett	Harder	Larson, D.	Otremba	Stang	
Davids	Hasskamp	Lenczewski	Ozment	Storm	
Dawkins	Hilty	Leppik	Paulsen	Swenson	
Dehler	Holberg	Lieder	Pawlenty	Sykora	

Those who voted in the negative were:

Clark, K.	Leighton	McCollum	Pugh	Wejzman
Greenfield	Mahoney	Mullery	Skoglund	
Hausman	Mariani	Paymar	Trimble	

The bill was passed, as amended, and its title agreed to.

There being no objection, the order of business reverted to Messages from the Senate.

### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1359, A bill for an act relating to crime victims; clarifying the procedure for the deposit of unclaimed restitution funds; expanding coverage for crime victims reparations to include moving expense for victims of crime; extending the time limit for filing of claims to three years and allowing an exception to the time limit for all child abuse cases; amending Minnesota Statutes 1998, sections 611A.04, by adding a subdivision; 611A.52, subdivision 8; 611A.53, subdivision 2; and 611A.612.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1568, A bill for an act relating to the state building code; transferring authority to adopt energy portions of the building code from the commissioner of public service to the commissioner of administration; providing for conformity with a code for building conservation; requiring implementation of locally adopted optional code provisions; requiring a report; amending Minnesota Statutes 1998, sections 16B.61, subdivisions 1 and 1a; 16B.62, subdivision 2; 16B.64, subdivision 4; 216C.19, subdivision 8; and 216C.195, subdivision 1; repealing Minnesota Statutes 1998, section 16B.165.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 516.

PATRICK E. FLAHAVEN, Secretary of the Senate

### **FIRST READING OF SENATE BILLS**

S. F. No. 516, A bill for an act relating to elections and ethics; clarifying definitions; giving the board of campaign finance and public disclosure jurisdiction over the ban on gifts to local officials; facilitating reports of last-minute contributions; clarifying campaign finance requirements; increasing certain campaign contribution and spending limits; requiring return of public subsidies under certain conditions; making advisory opinions public data; clarifying certain definitions and prohibitions; clarifying and authorizing exceptions to the ban on gifts; providing civil penalties; providing for updated voter records; amending Minnesota Statutes 1998, sections 10A.01, subdivisions 7, 11, and 18; 10A.02, subdivisions 11, 12, and 13; 10A.03, subdivision 3; 10A.04, subdivisions 5 and 7; 10A.065, subdivisions 1, 3, and by adding a subdivision; 10A.071; 10A.08; 10A.09, subdivisions 3 and 7; 10A.14, subdivision 4; 10A.15, subdivisions 3, 5, and by adding a subdivision; 10A.20, subdivisions 2, 3, 5, 12, and by adding a subdivision; 10A.23; 10A.25, subdivisions 2 and 10; 10A.255, subdivision 1; 10A.27, subdivision 10; 10A.29; 10A.31, subdivisions 7 and 10; 10A.315; 10A.322, subdivisions 1 and 4; 10A.324, subdivision 1; 10A.34; 200.02, by adding a subdivision; 201.13, by adding a subdivision; 211A.02, subdivision 2; 211A.12; 290.06, subdivision 23; and 471.895; proposing coding for new law in Minnesota Statutes, chapter 211A.

The bill was read for the first time.

### **SUSPENSION OF RULES**

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Knobloch moved that the rule therein be suspended and an urgency be declared so that S. F. No. 516 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Knoblach moved that the rules of the House be so far suspended that S. F. No. 516 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 516 was read for the second time.

Knoblach moved to amend S. F. No. 516 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 441, the first engrossment:

"Section 1. Minnesota Statutes 1998, section 10A.01, subdivision 4, is amended to read:

Subd. 4. [ASSOCIATED BUSINESS.] "Associated business" means any association in connection with which the individual is compensated in excess of \$50 except for actual and reasonable expenses in any month as a director, officer, owner, member, partner, employer ~~or~~ employee, independent contractor, or consultant, or is a holder of securities worth \$2,500 or more at fair market value.

Sec. 2. Minnesota Statutes 1998, section 10A.01, subdivision 7, is amended to read:

Subd. 7. [CONTRIBUTION.] "Contribution" means a transfer of funds or a donation in kind.

"Contribution" includes any loan or advance of credit to a political committee, political fund, or principal campaign committee, which loan or advance of credit is (a) forgiven, or (b) paid by an individual or an association other than the political committee, political fund, or principal campaign committee to which the loan or advance of credit is made. If an advance of credit or a loan is forgiven or paid as provided in this subdivision, it is a contribution in the year in which the loan or advance of credit is made.

A contribution made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

"Contribution" does not include services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee, or political fund, ~~or~~

"Contribution" does not include the uncompensated use by a candidate or an individual volunteering personal time on behalf of a candidate, ballot question, political committee, or political fund, of the candidate or volunteer's own vehicle, computer, software, fax machine, copy machine, printer, telephone, or private residence.

"Contribution" does not include the publishing or broadcasting of news items or editorial comments by the news media.

Sec. 3. Minnesota Statutes 1998, section 10A.01, subdivision 18, is amended to read:

Subd. 18. [PUBLIC OFFICIAL.] "Public official" means any:

(a) member of the legislature;

(b) constitutional officer in the executive branch and the officer's chief administrative deputy;

(c) member, chief administrative officer or deputy chief administrative officer of a state board or commission which has at least one of the following powers: (i) the power to adopt, amend or repeal rules, or (ii) the power to adjudicate contested cases or appeals;

(d) commissioner, deputy commissioner, or assistant commissioner of any state department as designated pursuant to section 15.01;

(e) individual employed in the executive branch who is authorized to adopt, amend or repeal rules or adjudicate contested cases;

(f) executive director of the state board of investment;

(g) executive director of the Indian affairs intertribal board;

(h) commissioner of the iron range resources and rehabilitation board;

(i) commissioner of mediation services;

(j) deputy of any official listed in clauses (e) to (i);

(k) judge of the workers' compensation court of appeals;

(l) administrative law judge or compensation judge in the state office of administrative hearings or referee in the department of economic security;

(m) solicitor general or deputy, assistant or special assistant attorney general;

(n) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the office of senate counsel and research or house research;

(o) member, regional administrator, division director, general counsel, or operations manager of the metropolitan council;

(p) the director of the racing commission, the director of the gambling control board, the director of the state lottery, and the deputy director of the state lottery;

(q) director of the division of alcohol and gambling enforcement in the department of public safety;

(r) member or executive director of the higher education facilities authority;

(s) member of the board of directors or president of the Minnesota world trade center corporation or Minnesota Technology, Inc.;

(t) member of the board of directors or executive director of the Minnesota state high school league; or

~~(u)~~ (u) member or chief administrator of a metropolitan agency.

Sec. 4. Minnesota Statutes 1998, section 10A.03, subdivision 3, is amended to read:

Subd. 3. [NOTICE; LATE FILING.] The board shall notify by certified mail ~~or personal service~~ any lobbyist who fails to file a registration form within five days after becoming a lobbyist. If a lobbyist fails to file a form within ~~seven ten~~ days after ~~receiving this the~~ notice was mailed, the board may impose a late filing fee at \$5 per day, not to exceed \$100, commencing with the ~~eighth~~ 11th day after ~~receiving the~~ notice was mailed. ~~The board shall further notify by certified mail or personal service any lobbyist who fails to file a form within 21 days of receiving a first notice that the lobbyist may be subject to a criminal penalty for failure to file the form. A lobbyist who knowingly fails to file a form within seven days after receiving a second notice from the board is guilty of a misdemeanor.~~

Sec. 5. Minnesota Statutes 1998, section 10A.04, subdivision 5, is amended to read:

Subd. 5. [LATE FILING.] The board shall notify by certified mail ~~or personal service~~ any lobbyist or principal who fails after seven days after a filing date imposed by this section to file a report or statement required by this section. If a lobbyist or principal fails to file a report within ~~seven~~ ten days after ~~receiving this the~~ notice was mailed, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing with the ~~eight~~ 11th day after ~~receiving the notice was mailed~~. ~~The board shall further notify by certified mail or personal service any lobbyist who fails to file a report within 21 days after receiving a first notice that the lobbyist may be subject to a criminal penalty for failure to file the report. A lobbyist who knowingly fails to file such a report or statement within seven days after receiving a second notice from the board is guilty of a misdemeanor.~~

Sec. 6. Minnesota Statutes 1998, section 10A.04, subdivision 7, is amended to read:

Subd. 7. [FINANCIAL RECORDS.] The board may randomly audit the financial records of lobbyists and principals required to report under this section. Lobbyists and principals shall retain for four years after the report was filed all records concerning the matters reported under this chapter, including vouchers, canceled checks, bills, invoices, worksheets, and receipts.

Sec. 7. Minnesota Statutes 1998, section 10A.065, subdivision 1, is amended to read:

Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; LEGISLATIVE SESSION.] (a) A candidate for the legislature or for constitutional office, a candidate's principal campaign committee, any other political committee with the candidate's name or title, any committee authorized by the candidate, or a political committee established by all or a part of the party organization within a house of the legislature, shall not solicit or accept a contribution on behalf of a candidate's principal campaign committee, any other political committee with the candidate's name or title, any committee authorized by the candidate, or a political committee established by all or a part of the party organization within a house of the legislature, from a registered lobbyist, political committee, or political fund during a regular session of the legislature.

(b) A lobbyist, political committee, or political fund shall not make a contribution prohibited by this section.

(c) A candidate's principal campaign committee may make contributions to and receive contributions from a political committee established by all or a part of the party organization within a house of the legislature during a regular session of the legislature.

(d) For a candidate for governor or lieutenant governor, the prohibition in this subdivision extends to the 14 days immediately following the adjournment of the legislature in either year of the biennium.

Sec. 8. Minnesota Statutes 1998, section 10A.065, subdivision 3, is amended to read:

Subd. 3. [CIVIL PENALTY.] A candidate ~~or~~ political committee, political fund, or lobbyist that violates this section is subject to a civil fine of up to \$500. If the board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board shall bring an action, or transmit the finding to a county attorney who shall bring an action, in the district court of Ramsey county, to impose a civil fine as prescribed by the board. Fines paid under this section must be deposited in the general fund in the state treasury.

Sec. 9. Minnesota Statutes 1998, section 10A.065, is amended by adding a subdivision to read:

Subd. 6. [FEDERAL OFFICES.] This section does not prohibit a candidate from soliciting or accepting a contribution to a campaign for a federal office.

Sec. 10. Minnesota Statutes 1998, section 10A.071, is amended to read:

10A.071 [CERTAIN GIFTS BY LOBBYISTS AND PRINCIPALS PROHIBITED.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Gift" means money, real or personal property, a service, a loan, a forbearance or forgiveness of indebtedness, or a promise of future employment, that is given and received without the giver receiving consideration of equal or greater value in return.

(c) "Official" means a public official; ~~or an employee of the legislature, or a local official of a metropolitan governmental unit.~~

Subd. 2. [PROHIBITION.] A lobbyist or principal may not give a gift or request another to give a gift to an official. An official may not accept a gift from a lobbyist or principal. An individual is subject to the requirements of this section by virtue of being an officer, employee, or member of an association that is a principal only when acting as an agent or on behalf of the association.

Subd. 3. [EXCEPTIONS.] (a) The prohibitions in this section do not apply if the gift is:

(1) a contribution as defined in section 10A.01, subdivision 7, or 211A.01, subdivision 5, or as defined by federal law for contributions to candidates for federal offices;

(2) services to assist ~~an~~ the official in the performance of official duties, including but not limited to providing advice, consultation, information, and communication in connection with legislation, and services to constituents;

(3) services of insignificant monetary value;

(4) a plaque, framed certificate, or similar memento recognizing individual services ~~in a field of specialty or to a charitable cause;~~

(5) a trinket or memento of insignificant value;

(6) informational material of ~~unexceptional~~ insignificant value or that will assist the official in the performance of official duties; or

(7) food or a beverage given at a ~~reception, meal, or~~ meeting away from the ~~recipient's place of work~~ offices of the governmental entity in which the recipient official holds office by an organization before whom the recipient appears to make a speech or answer questions as part of a program; even if the meeting or program would have taken place without the attendance of a particular speaker or participant in a group presentation or session and reasonable expenses for travel within Minnesota and lodging for no more than one night actually incurred and necessary to participate in the program; or

(8) a gift of no more than \$100 in value given at a significant family event that does not take place on an annual basis, such as a wedding or graduation, by an individual with whom there has been a history of gift exchanges and who personally paid for the gift without seeking business reimbursement or a tax deduction and did not give the same or similar gifts to anyone who was not attending the significant family event.

(b) The prohibitions in this section do not apply if the gift is given:

(1) because of the recipient's membership in a group, a majority of whose members are not officials, and an equivalent gift is given or offered to the other members of the group; ~~or~~

(2) by a national or multistate organization of governmental organizations or public officials, if a majority of the dues to the organization are paid from public funds or if the organization is classified by the United States Internal Revenue Service as a section 501(c)(3) nonprofit educational association or institution, to a participant in a conference, seminar, meeting, or trip sponsored by that organization, if an equivalent gift is given or offered to all other participants, even if the gift to the official was made possible by a gift to the organization by a lobbyist or principal;

(3) to an official attending the national convention of a major political party or the inauguration of the president of the United States;

(4) by a lobbyist or principal who is a member of the family of the recipient, unless the gift is given on behalf of someone who is not a member of that family; or

(5) to an official who acts only as the agent for the giver in making a gift to a foreign dignitary.

(c) The prohibitions in this section do not apply to an employer that makes a gift or provides a meal in the normal course of employment to an official who is an employee to the extent that other employees are entitled to the same benefits.

Subd. 4. [RETURN OF GIFT.] An official who accepts a gift in a good faith belief that it is lawful and returns it or gives consideration of equal or greater value for it promptly upon learning that it was not lawful is not subject to a penalty for violating this section.

Sec. 11. Minnesota Statutes 1998, section 10A.08, is amended to read:

10A.08 [REPRESENTATION DISCLOSURE.]

Any public official who represents a client for a fee before any individual, board, commission or agency that has rule making authority in a hearing conducted under chapter 14, shall disclose the official's participation in the action to the board within 14 days after the appearance. The board shall notify by certified mail ~~or personal service~~ any public official who fails to disclose the participation within 14 days after the appearance. If the public official fails to disclose the participation within ~~seven ten~~ seven days ~~of after~~ this notice was mailed, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing on the ~~eighth~~ 11th day after ~~receiving the~~ notice was mailed.

Sec. 12. Minnesota Statutes 1998, section 10A.09, subdivision 5, is amended to read:

Subd. 5. [FORM.] A statement of economic interest required by this section shall be on a form prescribed by the board. The individual filing shall provide on a unified statement, with no requirement that ownership of assets or interests be assigned to particular family members, the following information covering the individual and the individual's spouse and dependents:

(a) Name, address, occupation and principal place of business;

(b) The name of each associated business and the nature of that association;

(c) A listing of all real property within the state, excluding homestead property, in which the individual, spouse, or dependent holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, and which interest is valued in excess of \$2,500; or (ii) an option to buy, which property has a fair market value of \$50,000 or more;

(d) A listing of all real property within the state in which a partnership of which the individual, spouse, or dependent is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the ~~individual's~~ share held by the individual, spouse, or dependent of the

partnership interest is valued in excess of \$2,500 or (ii) an option to buy, which property has a fair market value of \$50,000 or more. Any listing under clause (c) or (d) shall indicate the street address and the municipality or the section, township, range and approximate acreage, whichever applies, and the county wherein the property is located; and

(e) A listing of any investments, ownership, or interests in property connected with pari-mutuel horse racing in the United States and Canada, including a race horse, in which the individual directly or indirectly holds a partial or full interest or an immediate family member holds a partial or full interest.

Sec. 13. Minnesota Statutes 1998, section 10A.09, subdivision 7, is amended to read:

Subd. 7. [LATE FILING.] The board shall notify by certified mail ~~or personal service~~ any individual who fails within the prescribed time to file a statement of economic interest required by this section. If an individual fails to file a statement within ~~seven~~ ten days after ~~receiving this the notice was mailed~~, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing on the ~~eight~~ 11th day after ~~receiving the notice was mailed~~. ~~The board shall further notify by certified mail or personal service any individual who fails to file a statement within 21 days after receiving a first notice that the individual may be subject to a criminal penalty for failure to file a statement. An individual who fails to file a statement within seven days after a second notice is guilty of a misdemeanor.~~

Sec. 14. Minnesota Statutes 1998, section 10A.14, subdivision 4, is amended to read:

Subd. 4. [NOTICE OF FAILURE TO FILE; PENALTY.] The board shall notify by certified mail ~~or personal service~~ any individual who fails to file a statement required by this section. If an individual fails to file a statement within ~~seven~~ ten days after ~~receiving a the notice was mailed~~, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing with the ~~eight~~ 11th day after ~~receiving the notice was mailed~~. ~~The board shall further notify by certified mail or personal service any individual who fails to file a statement within 21 days after receiving a first notice that such individual may be subject to a criminal penalty for failure to file the report. An individual who knowingly fails to file the statement within seven days after receiving a second notice from the board is guilty of a misdemeanor.~~

Sec. 15. Minnesota Statutes 1998, section 10A.15, subdivision 3, is amended to read:

Subd. 3. [DEPOSIT IN ACCOUNT.] All transfers received by or on behalf of any candidate, political committee or political fund shall be deposited in an account designated "Campaign Fund of .... (name of candidate, committee or fund)." All transfers shall be deposited ~~promptly upon within 30 days after receipt and, except for transfers received during the last three days of any reporting period as described in section 10A.20, shall be deposited during the reporting period in which they were received. Any transfer received during the last three days of a reporting period shall be deposited within 72 hours of receipt and shall be reported as received during the reporting period whether or not deposited within that period. Any deposited transfer may be returned to the contributor within 60 days of deposit. A transfer deposited and not returned within 60 days of that deposit shall be deemed for the purposes of this chapter, to be accepted by the candidate, political committee or political fund.~~

Sec. 16. Minnesota Statutes 1998, section 10A.15, subdivision 5, is amended to read:

Subd. 5. [LOBBYIST, POLITICAL COMMITTEE, OR POLITICAL FUND REGISTRATION NUMBER ON CHECKS.] A contribution made to a candidate by a lobbyist, political committee, or political fund that makes a contribution to a candidate or political committee must show on the contribution the name of the lobbyist, political committee, or political fund and the number under which it is registered with the board. A candidate or political committee may rely upon the presence or absence of a registration number in determining whether the contribution is from a lobbyist and is not subject to a civil penalty for the failure of a contributor to comply with this subdivision. The contributor is subject to a civil penalty up to \$300 imposed by the board.

Sec. 17. Minnesota Statutes 1998, section 10A.15, is amended by adding a subdivision to read:

Subd. 6. [CONTRIBUTION FROM A JOINT ACCOUNT.] Unless otherwise specified by one of the owners, a contribution given by a check drawn on a joint account is presumed to be a contribution by the owners of the joint account in equal shares if the total contribution per person does not exceed \$100.

Sec. 18. Minnesota Statutes 1998, section 10A.19, is amended by adding a subdivision to read:

Subd. 3. [PROHIBITED EXPENDITURES.] A candidate's principal campaign committee may not make an independent expenditure on behalf of another principal campaign committee.

Sec. 19. [10A.195] [INAUGURAL, LEGAL, DEFENSE, AND OTHER COMMITTEES.]

The treasurer of every inaugural committee, legal fund, transition office, defense fund, or similar committee or fund that specifically benefits an incumbent public official or newly elected individual that is created and funded by supporters of the public official or newly elected individual must register in the same manner as a political committee and must disclose its contributions and expenditures in the same manner and at the same times as reports are required of political committees under section 10A.20.

Sec. 20. Minnesota Statutes 1998, section 10A.20, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF REPORT.] Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name; and address and employer, or occupation if self-employed, of each individual, and the name and registration number with the board of each lobbyist, political committee, or political fund who within the year has made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$100 for legislative or statewide candidates or ballot questions, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. The report must also contain the employer or occupation, if self-employed, of each listed source who has donated or transferred in aggregate more than \$250. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, together with the name; ~~and address, occupation and the principal place of business, if any,~~ of the lender and any endorser and the date and amount of the loan. The report must also contain the employer or occupation, if self-employed, of each lender or endorser of loans within the year in aggregate in excess of \$250. If any loan made to the principal campaign committee of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date and purpose of each expenditure and the name and address of, and office

sought by, each candidate on whose behalf the expenditure was made, identification of the ballot question which the expenditure is intended to promote or defeat, and in the case of independent expenditures made in support of or opposition to a candidate, the name, address and office sought for each such candidate;

(h) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(i) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously reported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) The name and address of each political committee, political fund, or principal campaign committee to which aggregate transfers in excess of \$100 have been made within the year, together with the amount and date of each transfer;

(k) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

(l) Except for contributions to a candidate or committee for a candidate for office in a municipality as defined in section 471.345, subdivision 1, the name and address of each individual or association to whom aggregate noncampaign disbursements in excess of \$100 have been made within the year by or on behalf of a principal campaign committee, political committee, or political fund, together with the amount, date, and purpose of each noncampaign disbursement;

(m) The sum of all noncampaign disbursements made within the year by or on behalf of a principal campaign committee, political committee, or political fund;

(n) The name and address of a nonprofit corporation that provides administrative assistance to a political committee or political fund as authorized by section 211B.15, subdivision 17, together with the type of administrative assistance provided and the aggregate fair market value of each type of assistance provided to the political committee or political fund during the reporting period; and

(o) A report filed under subdivision 2, clause (b), by a political committee or political fund that is subject to subdivision 14, must contain the information required by subdivision 14, if the political committee or political fund has solicited and caused others to make aggregate contributions greater than \$5,000 between January 1 of the general election year and the end of the reporting period. This disclosure requirement is in addition to the report required by subdivision 14.

Sec. 21. Minnesota Statutes 1998, section 10A.20, subdivision 5, is amended to read:

Subd. 5. [PREELECTION REPORTS.] In any statewide election any loan, contribution, or contributions from any one source totaling \$2,000 or more, or in any legislative election totaling more than \$400, received between the last day covered in the last report prior to an election and the election shall be reported to the board in one of the following ways:

(1) in person within 48 hours after its receipt;

(2) by telegram or mailgram within 48 hours after its receipt; ~~or~~

(3) by ~~certified~~ first class mail sent within 48 hours after its receipt;

(4) by facsimile transmission received by the board within 48 hours after the contribution was received; or

(5) by any other method of electronic transmission approved by the board and received by the board within 48 hours after the contribution was received.

These loans and contributions must also be reported in the next required report.

The 48-hour notice requirement does not apply with respect to a primary if the statewide or legislative candidate is unopposed in that primary.

Sec. 22. Minnesota Statutes 1998, section 10A.20, subdivision 12, is amended to read:

Subd. 12. [FAILURE TO FILE; PENALTY.] The board shall notify by certified mail ~~or personal service~~ any individual who fails to file a statement required by this section. If an individual fails to file a statement due January 31 within ~~seven ten~~ days after ~~receiving~~ a notice ~~was mailed~~, the board may impose a late filing fee of \$5 per day, not to exceed \$100, commencing on the ~~eighth~~ 11th day after ~~receiving the notice was mailed~~. If an individual fails to file a statement due before any primary or election within three days of the date due, regardless of whether the individual has received any notice, the board may impose a late filing fee of \$50 per day, not to exceed \$500, commencing on the fourth day after the date the statement was due. ~~The board shall further notify by certified mail or personal service any individual who fails to file any statement within 14 days after receiving a first notice from the board that the individual may be subject to a criminal penalty for failure to file a statement. An individual who knowingly fails to file the statement within seven days after receiving a second notice from the board is guilty of a misdemeanor. The late filing fee may be paid out of the assets of the political committee or fund.~~

Sec. 23. Minnesota Statutes 1998, section 10A.20, is amended by adding a subdivision to read:

Subd. 15. [EQUITABLE RELIEF.] A candidate whose opponent does not timely file the report due ten days before the general election may petition the district court for immediate equitable relief to enforce the filing requirement. A prevailing party under this subdivision may be awarded attorney fees and costs by the court.

Sec. 24. Minnesota Statutes 1998, section 10A.23, is amended to read:

10A.23 [CHANGES AND CORRECTIONS.]

Subdivision 1. [REPORT.] Any material changes in information previously submitted and any corrections to a report or statement shall be reported in writing to the board within ten days following the date of the event prompting the change or the date upon which the person filing became aware of the inaccuracy. The change or correction shall identify the form and the paragraph containing the information to be changed or corrected. If the board determines that a report or statement is inaccurate or incomplete, the board shall notify by certified mail the person who filed the report or statement of the need to correct it.

Subd. 2. [PENALTY.] If the person fails to file a corrected report or statement within 20 days after: (1) the event prompting the change; (2) the date upon which the person filing became aware of the inaccuracy; or (3) the date the notice was mailed, the board may impose a late filing fee at the rate of \$5 a day, not to exceed \$100, commencing with the 11th day.

Any person who willfully fails to report a material change or correction is guilty of a gross misdemeanor.

Sec. 25. Minnesota Statutes 1998, section 10A.25, subdivision 2, is amended to read:

Subd. 2. [MAXIMUM EXPENDITURES.] (a) ~~In a year in which an election is held for an office sought by a candidate;~~ No expenditures shall be made by the principal campaign committee of ~~that~~ a candidate, nor any approved expenditures made on behalf of that candidate which expenditures and approved expenditures result in an election

cycle in an aggregate amount in excess of the following 120 percent of the amount in clause (5) for a state representative and in clause (4) for a state senator in an election cycle in which the state senator will serve a two-year term; and 160 percent of the amount in clause (1), (2), or (3) for each of the other offices and in clause (4) for a state senator in an election cycle in which the state senator will serve a four-year term:

- (1) for governor and lieutenant governor, running together, \$1,626,691;
- (2) for attorney general, \$271,116;
- (3) for secretary of state, ~~state treasurer~~, and state auditor, separately, \$135,559;
- (4) for state senator, \$40,669;
- (5) for state representative, \$20,335.

(b) If a special election cycle occurs during a general election cycle, expenditures by or on behalf of a candidate in the special election do not count as expenditures by or on behalf of the candidate in the general election.

(c) The expenditure limits in this subdivision for an office are increased by ten percent for a candidate who is running for that office for the first time and who has not run previously for any other office whose territory now includes a population that is more than one-third of the population in the territory of the new office.

Sec. 26. Minnesota Statutes 1998, section 10A.25, subdivision 2a, is amended to read:

Subd. 2a. [AGGREGATED EXPENDITURES.] If a candidate makes expenditures from more than one principal campaign committee for nomination or election to statewide office in the same election year, the amount of expenditures from all of the candidate's principal campaign committees for statewide office for that election year cycle must be aggregated for purposes of the application of the limits on campaign expenditures under subdivision 2, clauses (a) to (c).

Sec. 27. Minnesota Statutes 1998, section 10A.25, subdivision 10, is amended to read:

Subd. 10. [EFFECT OF OPPONENT'S CONDUCT.] (a) After August 1 in an election year for the office, a candidate who has agreed to be bound by the expenditure limits imposed by this section as a condition of receiving a public subsidy for the candidate's campaign is may choose to be released from the expenditure limits but remains remain eligible to receive a public subsidy if the candidate has an opponent who does has not agree agreed to be bound by the limits and receives has received contributions or makes made or becomes become obligated to make expenditures during that election cycle in excess of the following limits:

(1) up to ~~ten~~ 15 days before the primary election, receipts or expenditures equal to 20 percent of the expenditure limit for that office as set forth in subdivision 2; or

(2) after ~~ten~~ 15 days before the primary election, cumulative receipts or expenditures during that election cycle equal to 50 percent of the expenditure limit for that office as set forth in subdivision 2.

Before the primary election, a candidate's "opponents" are only those who will appear on the ballot of the same party in the primary election.

(b) A candidate who has not agreed to be bound by expenditure limits, or the candidate's principal campaign committee, shall file written notice with the board and provide written notice to any opponent of the candidate for the same office within 24 hours of exceeding the limits in paragraph (a), ~~clause (2)~~. The notice must state only that the candidate or candidate's principal campaign committee has received contributions or made or become obligated to make campaign expenditures in excess of the limits in paragraph (a), ~~clause (2)~~.

(c) Upon receipt of the notice ~~the~~, a candidate who has agreed to be bound by the limits ~~is~~ may file with the board a notice that the candidate chooses to be no longer bound by the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure limits that is based on the conduct of an opponent in the state primary election may not be filed more than one day after the state canvassing board has declared the results of the state primary.

(d) A candidate who has agreed to be bound by the expenditure limits imposed by this section and whose opponent in the general election has chosen, as provided in paragraph (c), not to be bound by the expenditure limits because of the conduct of an opponent in the primary election is no longer bound by the limits but remains eligible to receive a public subsidy.

(e) If a candidate chooses under this subdivision not to be bound by the expenditure limits, the candidate is also released from any limits on the amount of personal contributions to the candidate's own campaign.

Sec. 28. Minnesota Statutes 1998, section 10A.265, is amended to read:

10A.265 [FREEDOM TO ASSOCIATE AND COMMUNICATE.]

Nothing in this chapter shall be construed as abridging the right of an association to communicate with its members. Corporations, limited liability companies, and nonprofit corporations may communicate in writing directly with their members, employees, and shareholders in support of or in opposition to the election of particular candidates without any expenditure being allocated to a candidate for purposes of the limits in section 10A.25.

Sec. 29. Minnesota Statutes 1998, section 10A.27, subdivision 1, is amended to read:

Subdivision 1. [CONTRIBUTION LIMITS.] Except as provided in subdivision 2, no candidate shall permit the candidate's principal campaign committee to accept aggregate contributions made or delivered by any individual, political committee, or political fund in excess of the following:

(a) to candidates for governor and lieutenant governor running together, ~~\$2,000~~ \$3,500 in an election year for the office sought and ~~\$500~~ in other years an election cycle;

(b) to a candidate for attorney general, ~~\$1,000~~ \$1,600 in an election year for the office sought and ~~\$200~~ in other years an election cycle;

(c) to a candidate for the office of secretary of state, ~~state treasurer~~ or state auditor, ~~\$500~~ \$800 in an election year for the office sought and ~~\$100~~ in other years an election cycle;

(d) to a candidate for state senator, ~~\$500~~ in an election year for the office sought and ~~\$100~~ in other years \$800 for a four-year term and \$600 for a two-year term; and

(e) to a candidate for state representative, ~~\$500~~ \$600 in an election year for the office sought and ~~\$100~~ in the other year an election cycle.

The following deliveries are not subject to the bundling limitation in this subdivision:

(1) delivery of contributions collected by a member of the candidate's principal campaign committee, such as a block worker or a volunteer who hosts a fund raising event, to the committee's treasurer; and

(2) a delivery made by an individual on behalf of the individual's spouse.

Sec. 30. Minnesota Statutes 1998, section 10A.27, subdivision 9, is amended to read:

Subd. 9. [TRANSFERS AMONG COMMITTEES; CONTRIBUTIONS FROM CERTAIN CANDIDATES.] (a) A candidate or the treasurer of a candidate's principal campaign committee shall not accept a transfer or contribution from another candidate's principal campaign committee or from any other committee bearing the contributing

candidate's name or title or otherwise authorized by the contributing candidate, unless the contributing candidate's principal campaign committee is being dissolved. A candidate's principal campaign committee shall not make a transfer or contribution to another candidate's principal campaign committee, except when the contributing committee is being dissolved. The contributing committee must provide with the contribution a written statement of the committee's intent to dissolve and terminate its registration by the end of that calendar year. If the committee fails to dissolve and terminate its registration by that time, a civil penalty equal to the size of the contribution subject to the amount remaining in the committee's treasury may be levied against the contributing committee.

(b) A candidate's principal campaign committee shall not accept a transfer or contribution from, or make a transfer or contribution to, a committee associated with a person who seeks nomination or election to the office of President, Senator, or Representative in Congress of the United States.

(c) A candidate or the treasurer of a candidate's principal campaign committee shall not accept a contribution from a candidate for political subdivision office, unless the contribution is from the personal funds of the candidate for political subdivision office. A candidate or the treasurer of a candidate's principal campaign committee shall not make a contribution from the principal campaign committee to a candidate for political subdivision office.

Sec. 31. Minnesota Statutes 1998, section 10A.27, subdivision 10, is amended to read:

Subd. 10. [PROHIBITED CONTRIBUTIONS.] A candidate who accepts a public subsidy may not contribute to the candidate's own campaign more than ten times the candidate's election year contribution limit under subdivision 1, except that a candidate who terminates the candidate's principal campaign committee may contribute to the committee an amount necessary to pay all or part of the debts of the committee.

Sec. 32. Minnesota Statutes 1998, section 10A.275, subdivision 1, is amended to read:

Subdivision 1. [EXCEPTIONS.] Notwithstanding any other provisions of this chapter, the following expenditures by a state political party, a party unit, or two or more party units acting together, with at least one party unit being either: the state party organization or the party organization within a congressional district, county, or legislative district, shall not be considered contributions to or expenditures on behalf of any candidate for the purposes of section 10A.25 or 10A.27, and shall not be allocated to any candidates pursuant to section 10A.22, subdivision 5:

(a) expenditures on behalf of candidates of that party generally without referring to any of them specifically in any advertisement published, posted or broadcast;

(b) expenditures for the preparation, display, mailing or other distribution of an official party sample ballot listing the names of three or more individuals whose names are to appear on the ballot;

(c) expenditures for any telephone conversation including the names of three or more individuals whose names are to appear on the ballot;

(d) expenditures ~~for any political party fundraising effort on behalf~~ in the name of three or more candidates whose names are to appear on the ballot if each of the candidates receives a proportionately equal portion of the expenditure; or

(e) expenditures for party committee staff member services or consultants that benefit three or more candidates.

For purposes of clause (b), "sample ballot" means an advertisement or brochure containing the names of the candidates and offices sought, the words "sample ballot," the identification of the political party, and required disclaimers and, optionally, photographs of the candidates, address information necessary for distributing the ballot, and voter information such as voter registration or precinct location information. Any additional information included with the sample ballot must be allocated among the candidates as campaign expenditures.

Sec. 33. Minnesota Statutes 1998, section 10A.29, is amended to read:

10A.29 [CIRCUMVENTION PROHIBITED.]

Any attempt by an individual or association to circumvent the provisions of this chapter by redirecting funds or giving a gift through, or contributing funds or giving a gift on behalf of, another individual or association is a gross misdemeanor.

Sec. 34. Minnesota Statutes 1998, section 10A.31, subdivision 7, is amended to read:

Subd. 7. [DISTRIBUTION OF GENERAL ACCOUNT.] (a) Within two weeks after certification by the state canvassing board of the results of the general election, the board shall distribute the available funds in the general account, as certified by the commissioner of revenue on November 1 and according to allocations set forth in subdivision 5, in equal amounts to all candidates for each statewide office who received at least five percent of the votes cast in the general election for that office, and to all candidates for legislative office who received at least ten percent of the votes cast in the general election for the specific office for which they were candidates, provided that the public subsidy under this subdivision may not be paid in an amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account and the public subsidy paid to match independent expenditures to exceed 50 percent of the expenditure limit for the candidate. If a candidate is entitled to receive an opponent's share of the general account public subsidy under section 10A.25, subdivision 10, the opponent's share must be excluded in calculating the 50 percent limit. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted. The board shall not use the information contained in the report of the principal campaign committee of any candidate due ten days before the general election for the purpose of reducing the amount due that candidate from the general account.

(b) If a candidate has not yet filed a campaign finance report required by section 10A.20, subdivision 2, or the candidate owes money to the board, the board shall pay that candidate's public subsidy into an escrow account until the report has been filed or the debt has been paid, whichever applies. If the report has not been filed or the debt paid to the board by the end of the fiscal year, the subsidy shall be applied to the debts owed by the candidate to the board and any remaining amount shall be returned to the general fund in the state treasury.

Sec. 35. Minnesota Statutes 1998, section 10A.31, subdivision 10, is amended to read:

Subd. 10. [DISTRIBUTION.] In the event that on the date of either certification by the commissioner of revenue as provided in subdivisions 6 and 7, less than 98 percent of the tax returns have been processed, the commissioner of revenue shall certify to the board by December 1 the amount accumulated in each account since the previous certification. By December 15, the board shall distribute to each candidate according to the allocations as provided in subdivision 5 the amounts to which the candidates are entitled in the form of checks made "payable to the campaign fund of .....(name of candidate)....." A check may include as an additional payee a financial institution named by the candidate in a notice filed with the board at least ten days before the payment was due to be made. Any money accumulated after the final certification shall be maintained in the respective accounts for distribution in the next general election year.

Sec. 36. Minnesota Statutes 1998, section 10A.315, is amended to read:

10A.315 [SPECIAL ELECTION SUBSIDY.]

(a) Each eligible candidate for a legislative office in a special election must be paid a public subsidy equal to the sum of:

(1) the party account money at the last general election for the candidate's party for the office the candidate is seeking; and

(2) the general account money paid to candidates for the same office at the last general election.

(b) If the filing period for the special election coincides with the filing period for the general election, the candidate must meet the matching requirements of section 10A.323 and the special election subsidy must be distributed in the same manner as money is distributed to legislative candidates in a general election.

(c) If the filing period for the special election does not coincide with the filing period for the general election, the procedures in this paragraph apply. A candidate who wishes to receive this public subsidy must submit a signed agreement under section 10A.322 to the board not later than the day after the candidate files the affidavit of candidacy or nominating petition for the office. The candidate must meet the matching requirements of section 10A.323, except that the candidate may count contributions received during the 45 days immediately preceding the special election, other than contributions the candidate has previously included on an affidavit of match for another election. The special election subsidy must be distributed in the same manner as money in the party and general accounts is distributed to legislative candidates in a general election.

(d) The amount necessary to make the payments required by this subdivision is appropriated from the general fund to the ~~state treasurer board.~~

Sec. 37. Minnesota Statutes 1998, section 10A.322, subdivision 1, is amended to read:

Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a condition of receiving a public subsidy, a candidate shall sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25 and 10A.324.

(b) Before the first day of filing for office, the board shall forward agreement forms to all filing officers. The board shall also provide agreement forms to candidates on request at any time. The candidate may sign an agreement and submit it to the filing officer on the day of filing an affidavit of candidacy or petition to appear on the ballot, in which case the filing officer shall without delay forward signed agreements to the board. Alternatively, the candidate may submit the agreement directly to the board at any time before ~~September~~ August 1 preceding the general election. An agreement may not be filed after that date. An agreement once filed may not be rescinded.

(c) The board shall forward a copy of any agreement signed under this subdivision to the commissioner of revenue.

(d) Notwithstanding any provisions of this section, when a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement at any time before the deadline for submission of a signed agreement under section 10A.315.

(e) A candidate who fills a vacancy in nomination that occurs after the deadline in paragraph (b) may file a spending limit agreement no later than the day after the candidate fills the vacancy.

Sec. 38. Minnesota Statutes 1998, section 10A.322, subdivision 4, is amended to read:

Subd. 4. [REFUND RECEIPT FORMS; PENALTY.] The board shall make available to a political party as defined in section 290.06, subdivision 23, on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that (1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23, and (2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section. The forms must provide duplicate copies of the receipt to be attached to the contributor's claim. A candidate who does not sign an agreement under this section and who willfully issues an official refund receipt form or a facsimile of one to any of the candidate's contributors is guilty of a misdemeanor. A principal campaign committee or party unit shall return to the board with its termination report or destroy any official receipt forms that have not been issued.

Sec. 39. Minnesota Statutes 1998, section 10A.324, subdivision 1, is amended to read:

Subdivision 1. [WHEN RETURN REQUIRED.] A candidate shall return all or a portion of the public subsidy received from the state elections campaign fund or the public matching subsidy received under section 10A.315, under the circumstances in this section or section 10A.25, subdivision 11.

(a) To the extent that the amount of public subsidy received by the candidate exceeds the expenditure limits for the office held or sought, as provided in section 10A.25 and as adjusted by section 10A.255, the treasurer of the candidate's principal campaign committee shall return the excess to the board.

~~(b) To the extent that the amount of public subsidy received exceeds the aggregate of: (1) actual expenditures made by the principal campaign committee of the candidate; and (2) approved expenditures made on behalf of the candidate, the treasurer of the candidate's principal campaign committee shall return an amount equal to the difference to the board.~~

(b) If the board determines that a candidate has filed an affidavit of matching contributions under section 10A.323 that is not supported by the campaign finance reports filed by the candidate under section 10A.20, that the amount in the affidavit exceeds the amount reported in the campaign finance report, and that the amount reported in the campaign finance report is less than the amount required under section 10A.323 to be eligible for a public subsidy under section 10A.31, the board shall notify the treasurer of the candidate's principal campaign committee, withhold any public subsidy not yet paid to the candidate, and demand return of any public subsidy paid to the candidate for that election cycle. The treasurer shall return the entire public subsidy to the board.

Sec. 40. Minnesota Statutes 1998, section 10A.34, is amended to read:

10A.34 [REMEDIES.]

Subdivision 1. [PERSONAL LIABILITY.] A person charged with a duty under ~~sections 10A.02 to 10A.34~~ shall ~~be this chapter~~ is personally liable for the penalty for failing to discharge it, ~~except that the treasurer or other officer of a political committee is not personally responsible for violations of this chapter and the candidate is personally responsible for violations by the treasurer and other officers of the political committee.~~

Subd. 1a. [LATE FILING FEES.] The board may bring an action in the district court in Ramsey county to recover any late filing fee or civil penalty imposed or public subsidy paid pursuant to any provision of this chapter. All money recovered shall be deposited in the general fund of the state.

Subd. 2. [INJUNCTION.] The board or a county attorney may seek an injunction in the district court to enforce ~~the provisions of sections 10A.02 to 10A.34~~ this chapter.

Subd. 3. [NOT A CRIME.] Unless otherwise provided, a violation of ~~sections 10A.02 to 10A.34~~ this chapter is not a crime but is subject to a civil penalty imposed by the board in an amount up to \$300.

Subd. 4. [AWARD OF COSTS.] If the board prevails in an action to enforce this chapter, the board may request and the court may award to the board its costs, disbursements, reasonable attorney fees, and witness fees.

Subd. 5. [PENALTY FOR FALSE COMPLAINTS.] A person who knowingly makes a false or bad faith complaint or report of an alleged violation of this chapter is subject to a civil penalty imposed by the board of up to \$300.

Sec. 41. Minnesota Statutes 1998, section 200.02, subdivision 7, is amended to read:

Subd. 7. [MAJOR POLITICAL PARTY.] "Major political party" means a political party that maintains a party organization in the state, political division or precinct in question and:

(a) which has presented at least one candidate for election to ~~a partisan~~ the office of governor or senator in Congress at the last preceding state general election, which candidate received votes in each county in that election and received votes from not less than five percent of the total number of individuals who voted in that election; or

(b) whose members present to the secretary of state a petition for a place on the state partisan primary ballot, which petition contains signatures of a number of the party members equal to at least five percent of the total number of individuals who voted in the preceding state general election.

Sec. 42. Minnesota Statutes 1998, section 211A.02, subdivision 2, is amended to read:

Subd. 2. [INFORMATION REQUIRED.] The report to be filed by a candidate or committee must include:

- (1) the name of the candidate or ballot question;
- (2) the name and address of the person responsible for filing the report;
- (3) the total amount of receipts and expenditures for the period from the last previous report to five days before the current report is due;
- (4) the purpose for each expenditure; and
- (5) the name of any individual or committee that during the year has made one or more contributions that in the aggregate are ~~equal to or greater~~ more than \$500 \$100.

Sec. 43. Minnesota Statutes 1998, section 211B.15, subdivision 6, is amended to read:

Subd. 6. [PENALTY FOR INDIVIDUALS.] (a) An officer, manager, stockholder, member, agent, employee, attorney, or other representative of a corporation acting in behalf of the corporation who intentionally violates this section by making a prohibited contribution, not including a contribution of money, with a value less than \$5,000 may be fined an amount not more than four times the value of the prohibited contribution.

(b) An officer, manager, stockholder, member, agent, employee, attorney, or other representative of a corporation acting in behalf of the corporation who intentionally violates this section by making a prohibited contribution with a value in excess of \$5,000 or who makes a prohibited contribution of money may be fined not more than \$20,000 or be imprisoned for not more than five years, or both.

Sec. 44. Minnesota Statutes 1998, section 211B.15, subdivision 7, is amended to read:

Subd. 7. [PENALTY FOR CORPORATIONS.] A corporation convicted of intentionally violating this section by making a prohibited contribution, not including a contribution of money, is subject to a fine of not more than four times the value of the prohibited contribution but not greater than \$40,000 \$20,000. A convicted domestic corporation convicted of making a prohibited contribution in excess of \$5,000 or a prohibited contribution of money may be dissolved as well as fined up to \$40,000. If a foreign or nonresident corporation is convicted of making a prohibited contribution in excess of \$5,000 or a prohibited contribution of money, in addition to being fined up to \$40,000, its right to do business in this state may be declared forfeited.

Sec. 45. Minnesota Statutes 1998, section 211B.15, subdivision 17, is amended to read:

Subd. 17. [~~NONPROFIT CORPORATION POLITICAL ACTIVITY~~ ADMINISTRATIVE SUPPORT.] It is not a violation of this section for a ~~nonprofit~~ corporation or limited liability company to provide administrative assistance to one political committee or political fund that is associated with the ~~nonprofit~~ corporation or limited liability company and registered with the campaign finance and public disclosure board under section 10A.14. ~~Such Administrative assistance must be limited to~~ includes accounting, clerical or legal services, bank charges, utilities,

office space, ~~and supplies, and the expenses of soliciting donations to the political committee or political fund.~~ The records of the political committee or political fund may be kept on the premises of the ~~nonprofit corporation or limited liability company.~~

The administrative assistance provided by the ~~nonprofit corporation or limited liability company~~ to the political committee or political fund is limited annually to the ~~lesser~~ greater of \$5,000 or 7-1/2 percent of the expenditures of the political committee or political fund.

Sec. 46. Minnesota Statutes 1998, section 211B.15, is amended by adding a subdivision to read:

Subd. 18. [PENALTY FOR FALSE COMPLAINTS.] A person who intentionally makes a false or bad faith complaint or report of an alleged violation of this section is liable for the costs of defense of a party against whom the complaint is made in an amount not to exceed \$300.

Sec. 47. Minnesota Statutes 1998, section 290.06, subdivision 23, is amended to read:

Subd. 23. [REFUND OF CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum refund for an individual must not exceed \$50 and, for a married couple filing jointly, must not exceed \$100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the party chair, after the contribution was received. The amount of the refund must be equal to the amount recorded on the official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the party chair, after the contribution was received, regardless of the cost of food, beverage, entertainment, or facility rental associated with soliciting, raising, or accepting the contribution. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner not sooner than January 1 of the calendar year in which the contribution is made and no later than April 15 of the calendar year following the calendar year in which the contribution is made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution is made must include interest at the rate specified in section 270.76.

(b) No refund is allowed under this subdivision for a contribution to any candidate unless the candidate:

- (1) has signed an agreement to limit campaign expenditures as provided in section 10A.322 or 10A.43;
- (2) is seeking an office for which voluntary spending limits are specified in section 10A.25 or 10A.43; and
- (3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditure of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a congressional candidate as defined in section 10A.41, subdivision 4, or a candidate as defined in section 10A.01, subdivision 5, except a candidate for judicial office.

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The commissioner shall report to the campaign finance and public disclosure board by August 1 of each year a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

(g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

Sec. 48. Minnesota Statutes 1998, section 471.895, is amended to read:

471.895 [CERTAIN GIFTS BY INTERESTED PERSONS PROHIBITED.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Gift" has the meaning given it in section 10A.071, subdivision 1.

(c) "Interested person" means a person or a representative of a person or association that has a direct financial interest in a decision that ~~a~~ the local official receiving a gift from the person is authorized to make. To be "direct," the financial interest of the giver must be of greater consequence to the giver than the general interest of other residents or taxpayers of the official's governmental unit.

(d) "Local governmental unit" means a county or a statutory or home rule charter city.

(e) "Local official" means an elected or appointed official of a county or city or of an agency, authority, or instrumentality of a county or city.

Subd. 2. [PROHIBITION.] An interested person may not give a gift or request another to give a gift to a local official. A local official may not accept a gift from an interested person.

Subd. 3. [EXCEPTIONS.] (a) The prohibitions in this section do not apply if the gift is:

(1) a contribution as defined in section 10A.01, subdivision 7, or 211A.01, subdivision 5, or as defined by federal law for contributions to candidates for federal offices;

(2) services to assist ~~an~~ the official in the performance of official duties, including but not limited to providing advice, consultation, information, and communication in connection with legislation, and services to constituents;

(3) services of insignificant monetary value;

(4) a plaque, framed certificate, or similar memento recognizing individual services ~~in a field of specialty or to a charitable cause;~~

(5) a trinket or memento of insignificant value;

(6) informational material of ~~un~~exceptional insignificant value or that will assist the official in the performance of official duties; or

(7) food or a beverage given at a ~~reception, meal, or meeting~~ away from the ~~recipient's place of work~~ offices of the governmental entity in which the recipient official holds office by an organization before whom the recipient appears to make a speech or answer questions as part of a program; ~~even if the meeting or program would have taken place without the attendance of a particular speaker or participant in a group presentation or session and reasonable expenses for travel within Minnesota and lodging for no more than one night actually incurred and necessary for participation in the program; or~~

(8) a gift of no more than \$100 in value given at a significant family event that does not take place on an annual basis, such as a wedding or graduation, by an individual with whom there has been a history of gift exchanges and who personally paid for the gift without seeking business reimbursement or a tax deduction and did not give the same or similar gifts to anyone who was not attending the significant family event.

(b) The prohibitions in this section do not apply if the gift is given:

(1) because of the recipient's membership in a group, a majority of whose members are not local officials, and an equivalent gift is given or offered to the other members of the group; ~~or~~

(2) by a national or multistate organization of governmental organizations or public officials, if a majority of the dues to the organization are paid from public funds, to participants in a conference, seminar, meeting, or trip sponsored by that organization, if an equivalent gift is given or offered to all other participants, even if the gift to the local official was made possible by a gift to the organization by an interested person;

(3) to a local official attending the national convention of a major political party or the inauguration of the president of the United States;

(4) by an interested person who is a member of the family of the recipient, unless the gift is given on behalf of someone who is not a member of that family; ~~or~~

(5) to a local official who acts only as the agent for the giver in making a gift to a foreign dignitary.

(c) The prohibitions in this section do not apply to an employer that makes a gift or provides a meal in the normal course of employment to an official who is an employee to the extent that all other employees are entitled to the same benefits.

Subd. 4. [RETURN OF GIFT.] A local official who accepts a gift in a good faith belief that it is lawful and returns it or gives consideration of equal or greater value for it promptly upon learning that it was not lawful is not subject to a penalty for violating this section.

Subd. 5. [CIRCUMVENTION PROHIBITED.] Any attempt by an individual or association to circumvent this section by making a gift through or on behalf of another individual or association is a misdemeanor.

Subd. 6. [REMEDIES.] A county attorney may seek an injunction in the district court to enforce this section. Unless otherwise provided, a violation of this section is not a crime.

Sec. 49. [REPEALER.]

Minnesota Statutes 1998, sections 10A.09, subdivision 3; and 10A.25, subdivisions 4, 6, and 13, are repealed.

Sec. 50. [EFFECTIVE DATE.]

Section 10 is effective the day following final enactment and applies to complaints pending with the board on, or filed on or after, that date.

Section 19 is effective August 1, 1999, and applies to committees and funds established before, on, or after that date, but does not require disclosure of contributions or expenditures made before that date.

Sections 26, 27, and 30 are effective for the elections in 2002 and thereafter."

Delete the title and insert:

"A bill for an act relating to campaign finance; clarifying terms; changing filing, reporting, and recordkeeping provisions; facilitating reports of last-minute contributions; clarifying campaign finance and economic interest reporting requirements; requiring registration and reporting by inaugural, legal, defense, and other committees that benefit certain incumbents; changing certain limits, procedures, and deadlines; requiring return of public subsidies under certain conditions; clarifying certain definitions and prohibitions; providing equitable relief; clarifying and authorizing exceptions to the ban on gifts; authorizing certain refunds; limiting liability for penalties; providing civil penalties and clarifying criminal penalties; modifying the definition of major political party; removing obsolete language; amending Minnesota Statutes 1998, sections 10A.01, subdivisions 4, 7, and 18; 10A.03, subdivision 3; 10A.04, subdivisions 5 and 7; 10A.065, subdivisions 1, 3, and by adding a subdivision; 10A.071; 10A.08; 10A.09, subdivisions 5 and 7; 10A.14, subdivision 4; 10A.15, subdivisions 3, 5, and by adding a subdivision; 10A.19, by adding a subdivision; 10A.20, subdivisions 3, 5, 12, and by adding a subdivision; 10A.23; 10A.25, subdivisions 2, 2a, and 10; 10A.265; 10A.27, subdivisions 1, 9, and 10; 10A.275, subdivision 1; 10A.29; 10A.31, subdivisions 7 and 10; 10A.315; 10A.322, subdivisions 1 and 4; 10A.324, subdivision 1; 10A.34; 200.02, subdivision 7; 211A.02, subdivision 2; 211B.15, subdivisions 6, 7, 17, and by adding a subdivision; 290.06, subdivision 23; and 471.895; proposing coding for new law in Minnesota Statutes, chapter 10A; repealing Minnesota Statutes 1998, sections 10A.09, subdivision 3; and 10A.25, subdivisions 4, 6, and 13."

The motion prevailed and the amendment was adopted.

Knoblach moved to amend S. F. No. 516, as amended, as follows:

Page 20, delete section 28, and insert:

"Sec. 28. [10A.266] [CORPORATE AND LABOR ORGANIZATION COMMUNICATIONS.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the following terms have the following meanings.

(a) "Executive or administrative personnel" means individuals employed by a corporation or labor organization who are paid a salary rather than on an hourly basis and who have policymaking, managerial, professional, or supervisory responsibilities.

(b) "Labor organization" means any organization or any agency or employee representative committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

(c) "Trade association" means an organization that

- (1) expressly provides for members in its articles and bylaws;
- (2) expressly solicits members; and
- (3) expressly acknowledges the acceptance of membership, such as by sending a membership card or by inclusion on a membership newsletter list.
- (d) "Members" means all persons who satisfy the requirements for membership in a trade association, affirmatively accept the trade association's invitation to become a member, and
- (1) have some significant financial attachment to the trade association, such as a significant investment or ownership stake, but not merely the payment of dues; or
- (2) are required to pay on a regular basis a specific amount of dues that is predetermined by the association and are entitled to vote directly either for at least one member who has full participatory and voting rights on the highest governing body of the trade association, or for those who select at least one member of those on the highest governing body of the trade association; or
- (3) are entitled to vote directly for all of those on the highest governing body of the trade association.

Notwithstanding the requirements of clauses (1) and (2), members of a local union are considered to be members of any state, national, or international union of which the local union is a part and of any federation with which the local, national, or an international union is affiliated.

Subd. 2. [EXCLUSIONS.] For the purposes of this chapter and section 211B.15, "contribution" and "independent expenditure" do not include communications by a corporation to its executive or administrative personnel, by a trade association to its members and the association's executive and administrative personnel, or by a labor organization to its members and executive or administrative personnel and their families on any subject.

Subd. 3. [REPORTS.] The total amount of a disbursement under subdivision 1 in excess of \$200 for the purpose of influencing the nomination or election of a candidate or candidates must be reported to the board. The report must be filed on forms provided by the board on the dates required for reports under section 10A.20."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Leighton moved to amend the second Knoblach amendment to S. F. No. 516, as amended, as follows:

Page 1, line 3, delete everything after "28"

Page 1, delete lines 4 to 24

Delete page 2

A roll call was requested and properly seconded.

Knoblach moved that S. F. No. 516, as amended, be continued on First Reading of Senate Files. The motion prevailed.

### **CALENDAR FOR THE DAY**

Pawlenty moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

### **MOTIONS AND RESOLUTIONS**

Seifert, M., moved that the name of Erickson be added as an author on H. F. No. 2426. The motion prevailed.

### **ANNOUNCEMENT BY THE SPEAKER**

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1079:

Paulsen, Davids and Hasskamp.

### **FISCAL CALENDAR ANNOUNCEMENT**

Pursuant to rule 1.22, Abrams announced his intention to place H. F. No. 2420 on the Fiscal Calendar for Thursday, April 29, 1999.

### **ADJOURNMENT**

Pawlenty moved that when the House adjourns today it adjourn until 10:00 a.m., Thursday, April 29, 1999. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Thursday, April 29, 1999.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

